

S. HRG. 108-103

PROPOSED FISCAL YEAR 2005 BUDGET FOR THE FEDERAL TRANSIT ADMINISTRATION

HEARING
BEFORE THE
COMMITTEE ON
BANKING, HOUSING, AND URBAN AFFAIRS
UNITED STATES SENATE
ONE HUNDRED EIGHTH CONGRESS
SECOND SESSION
ON

THE DETAILS OF THE ADMINISTRATION'S FISCAL YEAR 2005 BUDGET
PROPOSAL FOR THE FEDERAL TRANSIT ADMINISTRATION

MARCH 25, 2004

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PROPOSED FISCAL YEAR 2005 BUDGET FOR THE FEDERAL TRANSIT ADMINISTRATION

THURSDAY, MARCH 25, 2004

**U.S. SENATE,
COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS,
*Washington, DC.***

The Committee met at 2:07 p.m., in room SD-538, Dirksen Senate Office Building, Senator Richard Shelby (Chairman of the Committee) presiding.

OPENING STATEMENT OF CHAIRMAN RICHARD C. SHELBY

Chairman SHELBY. The hearing will come to order. I am very pleased to welcome Federal Transit Administrator Jennifer Dorn, from the Department of Transportation. Ms. Dorn, it is good to see you here, and I know Senator Dole is always glad to see you here because of the background you have shared. I asked Administrator Dorn to come before the Committee today to share the details of the Administration's 2005 proposed budget for FTA, and I appreciate her willingness to respond to the Committee's request for her time.

We have also assembled a distinguished panel of witnesses from the public transportation industry who are particularly well qualified to comment on the Administration's proposal. The Committee also values the time and effort you too have made to be with us this afternoon.

On February 12 of this year, the Senate passed S. 1072, a bill to reauthorize the surface transportation programs. The Banking Committee produced the public transportation title of that legislation. It is a product that I, along with Ranking Member Sarbanes, Senators Allard, Reed, and others have worked diligently on in order to strike the balance between meeting the existing needs of established transit systems and continuing to provide resources for the growth of new systems. I do not speak exclusively for myself when I say that it is a bill of which we are proud. Our bill advances many new ideas, increases the role of the private sector in service provision, improves accountability, and creates funding flexibility for rural communities nationwide.

The House of Representatives has yet to produce a companion bill. Time constraints have been crucial, the Senate passed an extension to TEA-21, which extends the authorization of this and other programs until April 30 of this year. I am hopeful that the House will move expeditiously to pass a bill that provides for the kind of record program growth that our transportation infrastructure requires.

It is with interest today that we hear from the Administration about their budget proposal for 2005. I must say that I am disappointed to see that there is no additional funding provided for public transportation from the fiscal year 2004 enacted level. It will come as no surprise that I believe this level is inadequate to address our transportation needs. I view this as a current services budget. Certainly I would prefer to see better numbers for the surface transportation programs overall than what the Administration has proposed.

In terms of the policy initiatives accompanying this proposal, I am chagrined to see that, once again, the Administration proposes elimination of the bus program. Additionally, I noted with interest that the Administration would divert dollars from the elimination of the bus program into New Starts and would distribute the Jobs Access and Reverse Commute Program funds by formula.

Not only from the perspective of the authorizing committee, but also in my capacity on another committee as Chairman of the Transportation Appropriations Subcommittee, I fail to see how sending out grant funds based on formula creates accountability within the program or allows flexibility on a year-to-year basis.

Having said that, I can say that one of the bright spots that I found in your testimony, Administrator Dorn, is your Agency's focus on the coordination amongst human service transportation providers. This is an area that I have been interested in for some time and have made great efforts to address in the reauthorization bill. It is encouraging that this issue is finally garnering the interest it deserves. Administrator Dorn, I think Executive Order 13330 is a great first step, and I pledge my support to you as you work toward establishing the Interagency Transportation Coordinating Council on Access and Mobility.

Now, let us hear the other opening statements of our other Members. We will start with Senator Dole.

STATEMENT OF SENATOR ELIZABETH DOLE

Senator DOLE. Thank you, Mr. Chairman. Our transportation system is obviously the backbone of our communities and one which we must continually maintain and improve upon so that our communities can properly function and grow. This budget contains a number of new initiatives which seek to assist communities not traditionally served by Federal transit funds. I especially note the higher priority the Administration has placed on rural public transportation, and area which I believe has been too long overlooked. Our rural populations have long been challenged by a real lack of public transportation. In fact, 40 percent of rural counties, especially in southern and western States, have no public transit today. This is an area which deserves our attention, and I applaud the Administration for taking steps to address this problem.

In addition, I want to again compliment you, Administrator Dorn, and the Administration for proposing the Small Start Program in last year's budget. I was very pleased when this proposal became part of the Senate-passed SAFETEA. This bill recognizes that there is a difference between large and small transit projects, by creating an option for smaller projects which may suit a commu-

nity's needs better. The less-complicated rating process that has been proposed would go a long way toward correcting this problem.

North Carolina is truly an up-and-coming State with respect to our ambitious public transportation goals. I am pleased to say that the Administration has recognized North Carolina's growing transit needs and efforts in this budget submission by creating a special category for the two North Carolina transit projects currently in final design.

This special designation, while appreciated, has raised questions in these communities due to the novelty of the special category created for the projects. My constituents need to know that this designation provides them with the opportunity to receive a full-funding grant agreement under FTA guidelines. Because the timely completion of the Charlotte-area rapid transit South Corridor light rail project and the Triangle Transit Authority are so critical, I look forward to discussing this issue with Administrator Dorn and to working with all my colleagues as we continue to pursue enactment of SAFETEA.

Thank you, Mr. Chairman.

Chairman SHELBY. Senator Reed.

STATEMENT OF SENATOR JACK REED

Senator REED. Thank you very much, Mr. Chairman, for holding this hearing on the budget request for the Federal Transit Administration. I thank Administrator Dorn for coming here and thank her for her great work over several years. Put simply, the President's proposed flat-line budget falls short of our Nation's needs and the \$8.6 billion level this Committee and the entire Senate have strongly endorsed in our reauthorization bill. Mr. Chairman, you know from your leadership here on the Committee and at your Appropriations Subcommittee that the very real need for transit funding far exceeds \$7.2 billion. The U.S. Department of Transportation's 2002 Conditions and Performance Report found that just to maintain our existing transit system, total transit spending by all levels of the Government should be \$14.8 billion annually.

Unfortunately, the President's advisors have recommended that he veto the modest reauthorization bill this Committee produced under your leadership along with Senator Sarbanes. The tragic incident in Madrid is a reminder that public transportation remains a prime target for terrorists. This flat-line budget is all the more disconcerting when one considers the anemic level of funding in the Department of Homeland Security's budget for transit security.

My greatest concern continues to be that it will take a transit September 11 for there to be the collective will to start meeting the known need, a need well identified by Administrator Dorn, the Department of Homeland Security, the General Accounting Office, APTA, and others, the need for greater investment in transit security to protect the millions of hard-working Americans who take public transportation every single day.

I look forward to today's testimony and to getting the witnesses' views on the budget proposal, particularly its lack of significant funding for transit security.

Thank you, Mr. Chairman.

Chairman SHELBY. Senator Allard.

STATEMENT OF SENATOR WAYNE ALLARD

Senator ALLARD. Thank you, Mr. Chairman. I would like to thank you for holding this hearing. You have made public transportation a top priority for the Committee this year, and I appreciate your dedication to improving American mobility.

Chairman Shelby, Ranking Member Sarbanes, Senator Reed, and I have spent a great deal of time on reauthorization during recent months. I am pleased that the Senate was able to pass a bill that included many positive changes. It is my hope that our House colleagues will follow our lead and move quickly to get the surface transportation programs reauthorized. It is obvious that the Administration shares the desire to move forward toward a full reauthorization, as the budget proposal was primarily a restatement of their SAFETEA proposal. But we will have extensive discussion as to the amount of funding proposed for fiscal year 2005 over the life of reauthorization.

I prefer to keep focused on the progress that the Senate bill makes in a number of areas. I believe that the Senate bill provides a good framework for distributing money and running programs, whatever the specific amounts may eventually be determined.

First, I would like to point out the Growing States formula. During the last authorization cycle, I worked to achieve a fair distribution of money to the rapidly growing western and southern States. And I am pleased that the new bill continues that effort. States like Colorado are experiencing tremendous population booms and they must have been access to the resources necessary to meet their burgeoning transportation needs.

Second, I believe that the bill finally places a more proper emphasis on rural transit. During past reauthorizations, Members have been seized by an inside-the-Beltway mentality, with little understanding of the transportation needs of more rural areas. In fact, many would have considered "rural transit" to be an oxymoron. However, the rural citizens' public transportation may be the only way they are able to access jobs, health care, and other vital services. Yet 40 percent of American counties have no transportation service. I am pleased that the Senate decided to prioritize the needs of rural citizens by growing the rural and bus programs.

I would also like to point out the expansion of the transit programs to encompass the Bus Rapid Transit. In appropriate circumstances, the BRT can offer capacity similar to rail at a fraction of the cost. This will provide additional flexibility to States and counties as they consider the options best suited to their circumstances. This is an especially attractive option in constrained areas, such as Colorado's mountain valleys.

The Senate bill makes critical progress enhancing the role of the private sector. The private sector plays a key role in improving mobility and our bill will ensure that they continue to have a seat at the table. I was also especially pleased we were able to make common-sense reforms to the existing labor protectionist provisions.

I share the Administration's regret that the Senate bill had to drop some of the proposed incentive programs. Incentives are a powerful inducement to improve programs. Fortunately, though, we were able to retain some initiatives to encourage projects to remain

on time and on budget. I am hopeful that as the process moves forward we may be able to further utilize performance incentives.

Finally, I would like to thank you, Administrator Dorn, and all the other witnesses for their help as we worked on reauthorization. As we continue those efforts and move through the fiscal year 2005 appropriations process, I am certain we will continue that close working relationship. Your comments here today will be helpful, and I appreciate your testimony.

Again, thank you, Mr. Chairman. I would like to apologize in advance to Ms. Dorn because I am going to have to leave at 2:30, since I have another Committee that I have to chair. Thank you for helping us.

Chairman SHELBY. Thank you. Senator Crapo.

STATEMENT OF SENATOR MIKE CRAPO

Senator CRAPO. Thank you very much, Mr. Chairman. Administrator Dorn, I appreciate you being here with us today. I will be brief.

There has been reference here already today about the difficulty we are facing budget-wise in terms of getting the resources necessary for urban transit and the many difficult pressures that we face. I believe that I speak for all of us in the Senate and the Administration when we say we are going to be doing our very best to get the maximum amount of resources into this area in the difficult budget climate which we face.

As Senator Allard indicated, having said that, I believe that we should recognize the strong effort that the Administration is making and that this Committee made to focus our resources as effectively as they can be made.

I just want to comment on one other thing, and it is frankly a thank you to our Chairman for the good work that he and his staff have put in to building the Senate's reauthorization bill. As Senator Allard and Senator Dole have indicated, a needed emphasis exists in this country for the transit needs in our rural States. In reality, many people have thought in the past that we just did not have those needs in rural States. But we have them every bit as much as the urban areas do. And the bill that was crafted under your leadership, Mr. Chairman, recognized that in very important ways. And I just wanted to, again, commend you for that and to indicate to you my strong support as we move this process forward to protect and preserve the direction that we have developed in the Senate bill, both in terms of the resources we are seeking to allocate and in terms of the new formula directions and the new focus on meeting the needs of our Nation's rural areas in transit.

Thank you.

Chairman SHELBY. Administrator Dorn, your written statement will be made part of the record in its entirety. You may proceed as you wish.

**STATEMENT OF JENNIFER L. DORN
ADMINISTRATOR, FEDERAL TRANSIT ADMINISTRATION
U.S. DEPARTMENT OF TRANSPORTATION**

Administrator DORN. Thank you, Mr. Chairman, and I appreciate the opportunity to testify before you and other Committee Members

on the President's fiscal year 2005 budget for the Federal Transit Administration. The President, as you know, has proposed \$7.27 billion for transit programs, sustaining the record Federal investment proposed by the President and enacted by Congress for fiscal year 2004.

I would like spend the next few minutes, if I may, briefly discussing three of our most important priorities, one of which you mentioned, the coordination of human service transportation, Mr. Chairman, as well as the New Starts piece and our continued improvements there, and our emphasis on helping transit agencies protect their passengers, employees, and assets that was brought up by Senator Reed.

First, a wholehearted thank you, Mr. Chairman, for your leadership and your support of our efforts to bring more common-sense solutions to a very frustrating problem that you identified in terms of the coordination of human service transportation. Your leadership has been critical in convincing others to come to the table to help us figure this out.

Over the last decade or more, the good news is that there has been a growing awareness of the needs of older adults, persons with disabilities, and people with low incomes, and that has led to the creation of numerous new programs throughout the Government, many of them with critical transportation components. Ironically, the impressive investment of money, time, and energy devoted to this issue has not solved the transportation problems of the people it is intended to help.

So over the past year and a half, FTA has reached out to other departments and to stakeholders and to committees like this to develop a focused, action-oriented plan to deal with administrative, legislative, logistical, and "people barriers," if you will.

As you mentioned, Mr. Chairman, on February 24, President Bush signaled the importance of this effort to the Administration by signing Executive Order 13330, bringing 10 Federal agencies together on the Interagency Transportation Coordinating Council on Access and Mobility. He charged us with the tasks of eliminating duplication and overlapping Federal programs and improving the coordination of Federally supported transportation services at all levels. It is the kind of activity that we had been working on; he solidified the support with this Executive Order and brought a number of the agencies to the table that had not already been there.

The Executive Order was announced at the First National Leadership Forum on Human Service Transportation Coordination, before an audience that included governor-appointed senior leadership teams from 47 States and U.S. territories. The significance of this was that these representatives could only attend if it was a multidisciplinary team. So we had secretaries of cabinet departments at the State level, from human services, labor, and transportation, because we wanted to have that kind of dialogue.

At the forum, Secretary Mineta honored 5 States—two of those are represented on this Committee, North Carolina and Maryland; as well as Ohio, Washington, and Florida—with State Leadership Awards. These States have made significant progress toward building a coordinated human service transportation system and, very

frankly, we wanted to get the competition going among governors. And it has already begun to work.

The National Leadership Forum and State Leadership Awards are 2 components of our 5-part United We Ride initiative. The initiative, very briefly, also includes the creation and distribution of a Framework for Action, which is a practical and comprehensive self-assessment tool for States and communities to be able to move forward in this complex arena; and at least \$1 million for a series of grants from FTA for State coordination, to help address the gaps in human service transportation.

In addition, we have a technical assistance program that will build on the work of CTA, Project Action, and other stakeholder groups to provide hands-on assistance among and between all of these programs to States and communities in coordinating their human service transportation program.

The FTA 2005 budget request and the Administration's SAFETEA proposal for reauthorization of surface transportation programs include some important elements. I want to thank you and the Committee for endorsing those very strongly and placing them in the Senate-passed bill. We are very grateful for that. I believe these steps, among the many others with respect to our action plan, will help make coordinated human service transportation a reality.

The second important area I would like to highlight is New Starts. The proposed \$1.5 billion budget for New Starts is a reflection of the Administration's strong commitment to continued Federal investment in major transit projects. In addition to funding the 26 existing and 1 pending full-funding grant agreement, the budget funds seven additional projects, five that are expected to be ready for a new FFGA before the end of fiscal year 2005, and 2 meritorious projects. These 7 projects were among the 29 that were evaluated and rated in the comprehensive 2005 Annual New Starts Report.

For this rating process, FTA made no changes in measures, break points for ratings, or weightings among measures in the determination of ratings. However, we continue to focus on helping project sponsors develop projects that are cost effective, locally supported, delivered on time and within budget, and achieve their promised transportation benefits.

Over the last year, as we increased our focus on ensuring a good return on investment, FTA's attention to proactive project cost management resulted in some significant total savings. We sent in project management teams to assist a number of our proposed New Starts projects, and we were able to save \$673 million for 7 proposed investments in order to improve the cost-effectiveness and to improve the already good credibility of our transit investments. We believe that every transit investment must be worth its salt, and that will yield better results for a continued interest in improving and increasing investments in public transportation at all levels of Government.

One new tool we are now using is a quantitative risk assessment that helps project sponsors identify the issues that could affect schedule or cost, as well as the probability that they will do so. This tool was originally developed to help manage the Federal Gov-

ernment's risk with regard to the 100 percent Federally funded Lower Manhattan Recovery Project as a result of September 11. It has given both FTA and project sponsors a new quantitative means to manage risk more explicitly and reduce the likelihood of cost and schedule overruns.

We are currently conducting these risk assessments for those projects that are further along in project development, but will eventually use this important management tool to assist sponsors with projects in alternatives analysis and preliminary engineering. We know that the earlier in the project that sponsors identify and understand the ramifications of all the decisions they make with respect to alignment, design, engineering, and other aspects of the project, the better our projects will be and the fewer undesirable surprises communities will face in later stages of development.

And I know, Mr. Chairman, you are very aware of a couple of those projects, at least one where we faced those surprises because, earlier, sponsors failed to identify these risks. We believe this tool will be particularly useful as FTA responds to Congress's request that we become more involved in project assessment during earlier stages of the project.

And finally, Mr. Chairman, in light of recent events in Madrid, I would like to take a few moments to update the Committee on our transit security activities.

As, of course, you and other Committee Members are aware, transit is obviously designed and operated as an open environment. Not all individuals understand that and appreciate its significance with respect to the important imposition of targeted metrics and abilities to make sure that we improve the safety and security of our systems.

Transit is potentially a high-visibility, high-consequence target that, if attacked, could have a significant economic impact on a community and the Nation. Rail transit alone carries 11 million passengers each day. In 1 week, transit moves more passengers than Amtrak carries in a year. In 1 month, transit moves more passengers than U.S. airlines transport in a year. And the majority of transit riders are in dense urban environments that run under or near major employment centers, Government operations, or cultural icons.

Prior to September 11, most transit agencies focused their security programs primarily on routine crime and vandalism. That situation has changed dramatically. The industry has responded. FTA began conducting counterterrorism threat and vulnerability assessments at 37 of the Nation's largest transit systems within 60 days of September 11, and I continue to be appreciative of the strong role that this Committee and Senator Reed, particularly, have played in bringing attention to this. It has been very helpful to us.

We deployed an aggressive nationwide security program with the full cooperation and support of every transit agency. In addition to the counterterrorism readiness assessments, FTA has undertaken a number of actions. I just want to briefly tick off those to show the scope and the depth of the work that FTA has done in partnership with our transit agencies.

We have awarded 83 grants for emergency drills conducted by transit agencies in conjunction with fire, police, and other emer-

gency responders. We wanted to make sure that transit had a seat at the table when these people were planning emergency response and that the drills included transit.

We provided on-site counterterrorism technical assistance, and continue to do so, to 29 agencies as a follow-up to our threat and vulnerability assessments, with plans to reach all of the top 50 transit agencies over the next year.

We have conducted 18 regional emergency preparedness forums. We have completed 4 regional transit terrorism war games in conjunction with our partners at APTA, and we consulted with international experts who have, unfortunately, faced terrorism in transit for many years.

We provided employee awareness training to more than 46,000 transit employees. We have developed and distributed standard protocols and guidelines for responding the chemical and biological incidents in rail, tunnel, and transit vehicle environments.

We have championed transit agency participation in the FBI's Joint Terrorism Task Force, so that every major transit agency has a connection locally with the FBI's Joint Terrorism Task Force. One of the key issues is, obviously, intelligence.

We have funded and worked on a daily basis with the Intelligence Sharing and Analysis Center, which FTA has funded under the leadership of APTA, and in which 160 transit agencies now participate. They have real-time information about transit security.

We have launched a Transit Watch program, a nationwide emergency response passenger awareness program, and many, many transit agencies are very aggressively getting the message out to the public so that they can be the eyes and ears in this environment.

We have provided and actively monitored the largest 50 transit agencies' actions with respect to FTA's top-20 security action items.

We have funded research to identify and adapt security technologies, such as chemical weapon detection, to a transit environment, and we have developed and issued to transit agencies specific recommended action steps to take at each Homeland Security Advisory Threat Level.

We recognize, as I mentioned, that intelligence is our Nation's first line of defense in transit environments, and we rely on the Department of Homeland Security and the FBI for such information. We also know that we must continue to pursue technology solutions.

But there is no technological quick fix for security concerns, nor is there a substitute for an alert and well prepared transit work force and passenger community. Therefore, FTA continues to focus its primary efforts on the three key priorities I have mentioned to this Committee in previous testimony—employee training, public awareness, and emergency preparedness. FTA's top action items have helped to institutionalize these security programs by focusing on management and accountability, security problem identification, employee selection, employee training, security audits, and emergency response drills, document control and access control.

The 30 largest transit agencies accomplished at least 80 percent of these action items in fiscal year 2003, and in fiscal year 2004 FTA is focused on maintaining success among these 30 and ex-

panding it to the next 20 largest agencies. And we have increased the level of attention to this, and our senior executive performance rating depends on whether or not we meet this goal.

Mr. Chairman, keeping our communities safe and moving is FTA's most important priority. We are working hard to maintain the critical balance among security demands, mobility needs, and the economic viability that transit provides to every community it serves.

Thank you, Mr. Chairman.

Chairman SHELBY. Thank you. It should not be a surprise to you that I am not in favor of increasing the Federal transit funds that disbursed by formula. I alluded to that earlier. I find it contradictory that you contend that increasing accountability is an important goal of the Agency, but yet the Administration proposes sending funds out on autopilot without year-to-year oversight or an annual assessment of individual needs.

Can you, Administrator Dorn, explain how you reconcile the Agency's desire for accountability with the hands-off approach to increasing formula spending that you advocate in your budget proposal? It certainly seems contradictory to me.

Administrator DORN. Yes, Mr. Chairman, you are right. I get the message about this Committee's concern about Congressional discretionary funding with respect to the bus discretionary funding. Fundamentally, the Administration believes that the predictability and the flexibility of the formula program funding helps communities plan for and meet their transportation needs. But we understand that we need to agree to disagree on that point. Certainly, just in response to your oversight issue, all of our Federal programs have a significant amount of oversight in terms of triennial reviews and procurement reviews, et cetera, but certainly this is a point about which we disagree, and we understand that it is the Committee's will to award the program funding in a different way.

Senator SARBANES. Mr. Chairman, could I just suggest to Ms. Dorn—

Chairman SHELBY. Certainly.

Senator SARBANES. We do not really like to agree to disagree; we like to agree to agree.

[Laughter.]

Administrator DORN. So do I. So do I.

Chairman SHELBY. Thank you, Senator Sarbanes.

Ms. Dorn, as I mentioned in my opening statement, I am supportive of your efforts to coordinate human service transportation. What are next steps, now that an Executive Order has been issued?

Administrator DORN. We have a very serious set of action plans to move forward to help reconcile differences in eligibility, in funding, and in other respects that seem to thwart the ability to have common-sense transit solutions. We have found that it is far more effective to take these problems agency-by-agency and develop memorandums of agreement, so that we can focus on an action plan rather than having a "group grope." So we have very specific action plans, and I believe we are making a lot of progress, with many thanks to this Committee for its support.

Chairman SHELBY. Senator Reed.

Senator REED. Thank you very much, Mr. Chairman. And I want to commend the administrator again for the vigor and the seriousness with which she has pursued all these issues with respect to transit security.

As you are probably aware, Administrator, within the pending reauthorization bill, there is a requirement for a memorandum of understanding between the Department of Homeland Security and the Department of Transportation with respect to responsibilities for transit security. This bill is still pending. But in anticipation of the law and, I would argue, good common sense, do you have a memorandum of responsibility between the two Departments outlining various responsibilities?

Administrator DORN. First of all, Senator, we appreciate your keeping this issue of the MOA or MOU at the forefront of the national transportation security agenda. And I know that it is not something we have taken lightly or set aside. Early on, we did not know the entire scope of what needed to be done between and among agencies, or even independently, in order to define a memorandum of understanding that would be useful in the long-term. Both of our agencies have made a good faith effort. Our collaboration gets better day-by-day, and we have further defined those issues, so that now we are, I believe, productively able to define the long-term relationship. And I hope and expect that you will see a memorandum of agreement. I know that our two Deputy Secretaries have talked about that most recently, and we are on the path to fulfill that request.

Senator REED. I get the impression the Department of Homeland Security and the Transportation Security Administration, at least up to this point, have refused to formally accept responsibility. And the point I would make is that if something catastrophic happens, everyone is responsible. And so at this juncture, worrying about getting all the information and getting it perfect will defeat the obvious need for some even rudimentary and preliminary division of responsibilities.

Administrator DORN. Oh, absolutely. And I would want to make it clear that we are working together on a day-to-day basis and even in a more concerted way since Madrid. So the lack of a specific, defined memorandum has not impeded our work together. But I do take your point. For the long-term, that document could be important.

Senator REED. Well, also for the long-term, Administrator, there are some who would feel that legislative authority would be the final way to settle disputes between the agencies about who should do what. And if we were to proceed with transit security legislation separate and apart from our overall reauthorization bill, what major operational improvements and capital improvements would you recommend we improve in terms of transit security?

Administrator DORN. In terms of what we have learned from the threat and vulnerability assessments, I would certainly go back to the very real importance of focusing, particularly at the FTA level, on three specific things: The training of personnel, emergency preparedness, and public awareness. Those are the three items that we believe have the biggest bang for the buck, and fundamentally are so important to enhancing security.

In terms of other capital assets that may be required, I think that our threat and vulnerability assessments lay the foundation, which we have provided to the Department of Homeland Security, so that they can prioritize the risks and the threats, not only among and between transit agencies, but also among and between transportation modes and even other aspects of the world in which we live.

So it is not our desire to have an increased role at the FTA, other than the role that we now have in safety and security. I think that we are well-served by having a Department of Homeland Security that can help us prioritize the risks. And from the beginning, FTA has been very serious about approaching the problem from a risk-based assessment, and that is precisely what the Department of Homeland Security has suggested that we continue to do and is, of course, the foundation of all of their work. So, I believe that we have the appropriate foundation laid to make progress.

Senator REED. Again, let me commend you because of your active pursuit of issue of transit security, your assessments of security in our major systems throughout the country. My sense, though, is today we still do not have clearly defined areas of responsibility between Homeland Security and the Department of Transportation, and Federal Transit Administration. We have these huge fissures between the two Departments, or maybe narrowing fissures. And our enemies exploit these types of divisions. And we have enough, I think, evidence in other areas that unless we move expeditiously we could have problems.

And a final point I will make, because the time has expired, is that I think if you could share with us the results of your surveys, it would indicate a multibillion-dollar national demand for improved transportation security measures and this budget does not reflect even a small fraction of that.

Administrator DORN. Senator, may I just respond to one piece of this. I would not want to leave this hearing with the understanding that there is a lack of clarity about authority for transit security. It is very clearly in the hands of the Department of Homeland Security. We can, as partners, continue to do our work in the Transit Administration in helping to ensure safety and security, and we are eager to do that. But it is very clear that decisions are made at the Department of Homeland Security.

Senator REED. Mr. Chairman, may I just follow up with one point?

Chairman SHELBY. Yes.

Senator REED. As I understand, the Department of Homeland Security budget for transit security is \$50 million?

Administrator DORN. I believe that they have made available \$115 million specifically for transit security, but there is significantly broader eligibility for transit beyond that.

Senator REED. Thank you. Thank you, Mr. Chairman.

Chairman SHELBY. Senator Dole.

Senator DOLE. Thank you, Mr. Chairman, and thank you, Administrator Dorn, for your testimony and for the tremendous job that you are doing at FTA. Of course, that is no surprise since I personally know of your outstanding record in every position of public service in which you have been involved over the years.

Now, as you are aware, the Charlotte Area Transit System, CATS, and the Triangle Transit Authority, TTA, projects were given a special designation in the Administration's fiscal year 2005 budget. I need to understand what this special designation means to CATS and TTA. If CATS and TTA address the specific concerns raised by your staff about each project, please tell me whether you expect the projects to advance in the New Starts process in this or the next fiscal year.

Administrator DORN. Thank you, Senator Dole. Both of the New Starts projects to which you refer, the Charlotte project and the Raleigh project, are good projects. They received a recommended rating in our New Starts rating process. And the question is not one of worthiness, but of readiness. Both of these projects have undertaken some design changes in order to improve ridership, and they are working through those. And so neither project, although both in final design, has completed those steps. We want to make sure that we know exactly the costs and exactly the benefits before we could move forward.

The category that we have placed these projects under, in which they get \$30 million and \$20 million, respectively, between Charlotte and Raleigh, signals from the Administration's point of view that both of these projects are worthy. We have committed through annual appropriations a fairly significant portion of the New Starts project funding.

We want to make sure, however, before we come to Congress for its review of a full-funding grant agreement, that we are ready behind all of the dollar figures, that all of the i's are dotted and the t's are crossed. I believe we have been very thorough—and that is appropriate. And we have worked very vigilantly with both of the transit agencies to provide technical assistance. We are really conscious that any delay in a project can mean money. And so we are eager to move forward as prudently as possible. At this point, I could not make a firm commitment as to when we would be ready to present to the Administration and to Congress a full-funding grant agreement, but I certainly see no show-stoppers.

Senator DOLE. Now, just to be clear, you are telling me that the door is still open to CATS and to TTA to get their FFGA's if they can meet all your requirements?

Administrator DORN. In the fiscal year 2005 time period, we indicated to the Administration in November that we did not see it as likely that either of those projects would be ready for an FFGA recommendation. However, I have said to both of them that if we find that they are able to move forward with the requirements in that fiscal year 2005 period, I would be very eager and willing to go to the Secretary and to the Office of Management and Budget and say these projects are ready, we did not expect them to be ready so quickly, but we believe it is time to move forward.

Senator DOLE. Thank you. Now, can you tell us how the continuing lack of a long-term reauthorization bill might affect the FTA's willingness to make long-term financial commitments to meritorious transit projects like CATS and TTA, if at all?

Administrator DORN. Certainly. In fact, it has a very significant impact and that is why this Administration is so eager for Congress to move forward with the 6-year reauthorization bill. We are

almost out of commitment authority, and so without a reauthorization, many, many projects would not be able to move forward in the major capital infrastructure account. So we need a 6-year reauthorization bill.

Senator DOLE. For some time now, both Congress and the executive branch have been working to ensure that the human service transportation activities funded in various Federal programs become better coordinated, as we have been discussing today. And, of course, we are very pleased the President recently signed the Executive Order on human service transportation that calls for the 10 Federal agencies to work together. Now, based on my years of dealing with this challenge, both as Secretary of Transportation and Secretary of Labor, we have long known that this type of coordination has been a very difficult nut to crack.

Please tell us why it has taken so long to make progress on this human service transportation coordination problem.

Administrator DORN. It is not due primarily to lack of good will. It is a risk-averse attitude, I think. When you have programs as different as Medicaid and training programs in the Labor Department, each of which have different eligibility requirements, different funding requirements, you have stakeholders who are eager to get their van for their own stakeholders and not necessarily willing to share the ride. There are so many issues, that sorting out and focusing on those issues, some of which are real and some of which are not, at all levels, is really important.

What this Committee has done in terms of a first step, or the next step, really, is to help make this an easier problem to solve by requiring all of the community stakeholders to sit down at a table together. So, whether it is the Paralyzed Veterans of America, or the Diabetes Association, or the elderly and disabled programs funded by DOT programs, they all sit down together and say what makes sense for this community and are able to use flexible funding to fund transportation needs in a more coordinated way. I think we have made significant progress with a lot of good will. And States have provided some very important leadership—including North Carolina. They have done a terrific job, and they are very eager to improve even on that effort, as well as helping other States to initiate best practices, as they have done.

I feel optimistic. This is a problem that was decades in the making. It is not going to be solved overnight, but we are already seeing significant improvements. I appreciate your interest.

Senator DOLE. Thank you. Thank you, Mr. Chairman.

Chairman SHELBY. Senator Sarbanes.

STATEMENT OF SENATOR PAUL S. SARBANES

Senator SARBANES. I thank you very much, Mr. Chairman. Administrator Dorn, welcome back before the Committee.

Administrator DORN. Thank you.

Senator SARBANES. I am interested, first, in this issue of transit security. In your statement, you say in fiscal year 2005 we request \$37.8 million for security initiatives, which remain a high priority. Is that correct?

Administrator DORN. Yes.

Senator SARBANES. It is my understanding that it is not new money for security but simply the 1 percent take-down of the urbanized formula grant program for all passenger safety and security needs, actually a program that has been in effect for many, many years. So that does not represent a response to a perceived transit security threat, is that correct?

Administrator DORN. That is essentially correct. If I might just mention, we have tried very systematically to refocus the monies that we do have in terms of educating the transit agencies and informing them, really many of whom already know, about how to make the best investments.

I would also mention that in the Department of Defense supplemental bill of 2 years ago, there was approximately \$23 million for transit security investments, and so we have undertaken to do the various things that we talked about in the testimony with that money. And there is still a very small portion of that that we are targeting to a training program.

Senator SARBANES. Later in your testimony you mentioned \$50 million for grants from the Department of Homeland Security. Is that correct? To go to 30 different transit agencies?

Administrator DORN. That is my understanding of the proposal for the fiscal year 2005 budget.

Senator SARBANES. And then I think, in response to Senator Reed, you said there was \$115 million worth of money for security. Is that right?

Administrator DORN. I believe that part of that is from an earlier year appropriation. So, I believe it is \$50 million and \$60 million over 2 years. One is proposed, and one is actual.

Senator SARBANES. As I understand it, there are no specific funds—those were for 2003 and 2004, as I understand it—\$65 million for 2003, and \$50 million for 2004. Is that correct?

Administrator DORN. That is correct.

Senator SARBANES. As I understand it, there are no specific funds for fiscal year 2005.

Administrator DORN. To my knowledge, no.

Senator SARBANES. Now, why is that? I mean, I think these monies are inadequate and I am going to go to that point in a minute. But how, under any scenario, could you have no specific funds for fiscal year 2005 for this purpose, given—I mean, in other words, you have 65, 50, and zero.

Administrator DORN. It is my understanding.

Senator SARBANES. "You" being the Administration.

Administrator DORN. I understand.

Senator SARBANES. I understand it is not in your budget, it is in the Homeland Security budget, right?

Administrator DORN. That is correct. It is my understanding there is a well over \$600 million grant program for which transit is eligible, the Urban Area Grant Program. So there is eligibility. It is not specifically targeted at transit.

Senator SARBANES. Well, WMATA has done a detailed analysis of their security needs, which I assume you are familiar with.

Administrator DORN. I have not seen it, but I have been told, yes.

Senator SARBANES. When they estimate they need \$70 million to implement their security proposals, that is for one transit system. Seventy million. And as I understand it, the Department of Homeland Security is giving out \$50 million for 30 systems. Now, that does not strike me as being a high-priority item.

Administrator DORN. Certainly one point, or a couple of points, if I may, Senator. I have been impressed with the way the industry has responded from day one here. They have taken every step feasible within existing resources, and I can certainly understand that in a survey of funding needs you might garner such an assessment. I do think it is important that Department of Homeland Security's purpose is really to prioritize the risk both among and between transit agencies and broader risks, so that we can make sure that we are allocating scarce resources, or allocating resources at all, based on the highest threat and vulnerability. While I respect the professionalism of WMATA in defining its security needs, I think the value of Homeland Security assessing from a broader perspective where are the vulnerabilities is really important. And that is what we found in our threat and vulnerability assessments. These had to be done locally and then they had to be factored into a broader portfolio.

Senator SARBANES. Let me pursue that for a moment, because Senators Warner, Allen and Mikulski and I have written to Secretary Ridge about urgent emergency preparedness in the National Capital Region, which is to follow up on the WMATA request in particular, pressing them to make more money available. Now, should we have sent that letter to you as well, or are you completely out of the loop on transit security?

Administrator DORN. Certainly, we—

Senator SARBANES. And I am looking here and I realize that we did not send it to you, and I think maybe we overlooked a fruitful target. But the answer you just gave me would imply that you are not an advocate for transit, that it has all been bounced over to the Homeland Security Department.

Administrator DORN. I would not want to give that impression.

Senator SARBANES. You were very explicit in responding to Senator Reed that it was not your bailiwick. I was very struck by that.

Administrator DORN. The ultimate decision-making authority about how we prioritize risks and resources is in the hands of the Department of Homeland Security.

Senator SARBANES. Do you think the Department of Homeland Security is under-prioritizing the risk and need that exists in the area of transit security?

Administrator DORN. If I might just say the second half to the first question is that, from our perspective, we continue to be actively engaged with the Department of Homeland Security, providing them information as we have it and continuing our training, emergency response, and public awareness programs. We are not getting out of the responsibility.

Senator SARBANES. Do you think that the information you have provided, then, would lead a reasoned, objective decisionmaker to conclude that more money is needed than what is currently being provided for transit security?

Administrator DORN. I am not in a position to know whether transit is more or less at risk than port security or aviation or the banking industry.

Senator SARBANES. Well, I am not asking you to do the balance. Let me just ask you this question—

Administrator DORN. But I think that is the key issue, Senator.

Senator SARBANES. Within the realm of transit security, do you think sufficient resources are being devoted to that purpose?

Administrator DORN. Within the realm of transit security, I believe that we understand well at FTA what the priorities should be in terms of the kinds of things to fund. But I do not think we are in a position for the entire Government to be able to assess where—

Senator SARBANES. I am not asking you to make that—

Administrator DORN. Well, I would like to answer the question, but I could not answer it clearly and objectively, because I think that the risk assessment has to be done by experts who see the whole picture.

Senator SARBANES. Let me concede that point to you at the moment.

Administrator DORN. Okay.

Senator SARBANES. From your perspective, from your end of the telescope, do you think enough resources are being devoted to transit security?

Administrator DORN. I respect the decisions of the Department of Homeland Security.

Senator SARBANES. No, no, no. No, you cannot get away with that.

Administrator DORN. That is what I want—

Senator SARBANES. Look, what do you think—

Administrator DORN. Can I not tell you what I really think? I think it—

Senator SARBANES. What do you tell the Department? Are you telling the Department of Homeland Security that you need more money for transit security?

Administrator DORN. We tell them that, whatever you think is appropriate to invest based on your look at the total picture, we think that the priorities for investment should be, one, based on the risk and vulnerability assessments, and two, on the most effective means of protecting transit—public awareness, emergency response, and training.

Senator SARBANES. Well, you have just gone way out on the transit line, because if something happens, this response is going to come back to haunt you. I just observe that. And it seems to me totally unnecessary, indeed erroneous, for you to make this response given the challenges that you confront in transit security. We need to know whether, as a transit administrator, you think enough resources are being put into transit security. Now, the Department of Homeland Security may say, well, that administrator, she was looking for a lot more money but we just did not have it, and we had a balance—transit and port and air and all the rest of it—and this is a balance we took. But you are telling me that you are doing that balance yourself.

Administrator DORN. No.

Senator SARBANES. Who is the advocate for transit security of this Administration?

Administrator DORN. The FTA has been an aggressive advocate toward meeting the needs of transit security. And as an appointee of the Administration, I would feel equally as guilty if, after aggressively advocating a dollar amount, the next day the target was instead another target, in port security or whatever. Because I have one point of view. And I think that is why this Congress and the Administration agreed it was imperative to have a Department of Homeland Security to assess the risks. And I will not back away from the perspective of being an aggressive advocate for meeting the needs of transit security to the degree that those risks and vulnerabilities have to be taken into account.

Senator SARBANES. So you think that enough money is being put into transit security?

Administrator DORN. I am not in a position to judge that. That has to be done by the Department.

Senator SARBANES. You are the transit administrator. From the point of view of the transit administrator—

Administrator DORN. But I am not the port administrator, or the FAA administrator.

Senator SARBANES. Do you think enough money is being put into transit security?

Administrator DORN. I think I have answered the question.

Senator SARBANES. In other words, you think enough money is being put in.

Administrator DORN. Senator, I am not in a position to know that.

Chairman SHELBY. Ms. Dorn, do you not head up the Transit Security Administration.

Administrator DORN. No.

Chairman SHELBY. That is the point. Two different agencies, are they not?

Administrator DORN. Yes. That is correct.

Chairman SHELBY. One is tasked with security.

Administrator DORN. Correct.

Chairman SHELBY. You are concerned with security, as we all are, but that is somebody else's bailiwick. Is that correct?

Administrator DORN. That is correct. We want to provide as much information as possible and we want to make sure that we have a seat at the table, so that the needs and concerns of transit are factored into the very rigorous assessment that the Department of Homeland Security undertakes. And that, I believe, is my job.

Senator SARBANES. Well, I sharply disagree with you. I think you have a responsibility to indicate to us what you think the needs for transit security are and whether adequate resources are being devoted to it.

Administrator DORN. Well, certainly, with the discretionary money that we have at our—

Senator SARBANES. Secretary Ridge would come in here and he would have to say, well, look, I have these competing claims. I have this amount of money and this is what I am trying to do. But that is not your situation.

Administrator DORN. It has to be based on intelligence. And I see a significant amount of intelligence, but I do not see the whole panoply, and I am not in a position to make that judgment.

Senator SARBANES. What does the intelligence you see tell you about the need for transit security?

Administrator DORN. That certainly transit can be a target. That is why we have aggressively pursued the mechanisms that I have described, and that is why we are insistent that we have a seat at the table, as those decisionmakers make the decision.

Chairman SHELBY. Senator Reed, do you have another question? We have a vote on the floor.

Senator REED. Mr. Chairman, I agree with Senator Sarbanes. I have great respect for the Administrator, but I think you have to be an advocate at the table for transit, and that, I think, implies a knowledge of the demand for additional resources. And I would just conclude that it is insufficient. We recognize that there are port security issues, et cetera, but as Senator Sarbanes said, Governor Ridge could make the case that he is prioritizing, but I think you are the expert in transit in this Administration, not just in the commercial aspects but the security aspects. But to simply say, I have no opinion on this, I think, leaves us without information we need to do our job.

That is an observation, not a question. Thank you.

Chairman SHELBY. Ms. Dorn, you did not say you had no opinion on this, as I understood it, did you? Did you say you have no opinion? You are the Administrator for transit, but you are not the head of TSA, right?

Administrator DORN. Correct.

Chairman SHELBY. Is that not what you are trying to say?

Administrator DORN. Yes, but apparently I have not said it very well.

Chairman SHELBY. And you do have some input and you should have a voice, at least to speak with Secretary Ridge about your transit concerns, which are also our concerns.

Administrator DORN. And we have done that.

Chairman SHELBY. We all believe that transit is vulnerable, do we not?

Administrator DORN. Yes.

Chairman SHELBY. We have believed that a long time.

Administrator DORN. Correct.

Chairman SHELBY. Transit moves millions of people in transportation systems every day. We do not want to give anybody any ideas they have not thought of, but you are not saying that is not a part of your responsibilities, but that is not your primary area of expertise. Although you will try to address security concerns, will you not?

Administrator DORN. I need to bring to the table everything I know about the threats and vulnerabilities, and I take that responsibility very seriously.

Chairman SHELBY. You are concerned with security.

Administrator DORN. Absolutely. But in terms of trying to decide where the resources go among and between competitive needs and threats, that happens in a different department at a higher level. And my job is to make sure that my Secretary——

Chairman SHELBY. You are speaking of Secretary Ridge?
Administrator DORN. Pardon me?

Chairman SHELBY. You are referring to Secretary Ridge, who is the Secretary of Homeland Security.

Administrator DORN. Exactly.

Chairman SHELBY. Which is a cabinet position.

Administrator DORN. Yes.

Senator REED. Is that your reference?

Administrator DORN. Yes.

Chairman SHELBY. Thank you.

Administrator DORN. And we do not hesitate to make our viewpoint known and provide every piece of information, and we will continue to do that, because we know there are competing priorities there. We want to make sure the information is analyzed, so that they can make a judicious judgment. And I believe that—

Chairman SHELBY. In due respect, security of our transit system has to be—especially in today's environment—one of our highest priorities.

Administrator DORN. It is for me.

Chairman SHELBY. So you agree?

Administrator DORN. Yes, absolutely.

Chairman SHELBY. Thank you.

Ms. Dorn, we have a vote on the floor. We appreciate your appearance here and we appreciate the job you are doing. Please continue your good work.

Administrator DORN. Thank you very much.

Chairman SHELBY. If we can have the second panel take their seats at the table, we can begin with William Millar, President of the American Public Transportation Association; Dale Marsico, with the Community Transportation Association of America; Timothy Martin, who in addition to being the Secretary of Transportation for the Illinois Department of Transportation, represents the American Association of State Highways and Transportation Officials. Finally, Rolf Lundberg, Jr., Senior Vice President of Congressional and Public Affairs for the U.S. Chamber of Commerce.

We look forward to hearing from you. The hearing will continue after the vote. Thank you.

We will be in recess.

[Recess.]

Chairman SHELBY. Gentlemen, thank you for waiting. The hearing will come back to order. Mr. Millar.

Mr. MILLAR. Nice to see you again, Mr. Chairman.

Chairman SHELBY. Thank you. All of your written testimony will be made part of the Committee record. You may proceed.

**STATEMENT OF WILLIAM MILLAR, PRESIDENT
AMERICAN PUBLIC TRANSPORTATION ASSOCIATION**

Mr. MILLAR. Yes, sir, I will be glad to. First, let me thank you on behalf of the 1,500 members of the American Public Transportation Association for holding this hearing today, and for your continued interest and support in public transportation. I believe this is the first time I have been able to appear before the Committee since you passed the landmark SAFETEA Act that you referred to in your opening statement. We are just very pleased about it.

Chairman SHELBY. We passed.

Mr. MILLAR. That is what I say you, the Committee, passed.

Chairman SHELBY. You cannot do anything by yourself up here.

Mr. MILLAR. Yes, sir. We appreciate the bipartisan approach that was used in that bill and hope that your friends across the Hill will see fit to likewise move ahead. In fact, Mr. Chairman, when my board of directors met on March 7, they passed a resolution both endorsing the SAFETEA legislation and in praise of the hard work of the Committee here.

We believe that having done that, we support for the fiscal year 2005 budget at least the funding levels that this Committee had included in the SAFETEA bill. So we urge the Congress to approve a fiscal year 2005 appropriation for public transit that is not less than \$8.655 billion. We think that investment of that level helps advance key national goals of producing jobs, improving mobility, expanding public transportation options across the country, reducing the dependence on foreign oil, and that there is a solid return on investment that the Government makes.

Now in contrast with the good work of the Committee we do not think that the Administration's proposal of some \$7.266 billion, a freeze budget, is good policy. In fact, we think it is bad policy. If you factor in inflation, it is not even a freeze budget, it is actually a cut in funding. We support what the Committee has done and the position that several Senators on the Committee today have expressed, and we are very disappointed in the Administration's budget.

We think that over the last several years, particularly under TEA-21, we have seen under this Committee's leadership, the funding for public transit grow from some \$4.4 billion per year back in 1997 to \$7.2 billion in 2003, and I think impressive results have come back from that investment. We have seen ridership at the highest levels in years, the numbers of new transit systems in both urban and rural areas growing at dramatic levels, improvements to existing systems, et cetera. So we think that it has been a very good investment; and that more investment is necessary.

In fact our friends at the American Association of State Highway and Transportation Officials in their Bottom Line report conclude that we really should be investing as much as \$44 billion a year to both maintain adequate public transportation and expand it across the country. So we certainly need increased investment.

The President's budget also is troubling in that it makes changes to their reauthorization proposal that they announced last spring. That proposal was modest enough and we have expressed our concern about that to the Committee on other occasions. But their budget would even cut \$2 billion for transit from their earlier proposal. So we just think that is not the way to go on that.

We find it somewhat troubling and really do not understand it, because certainly the Administration, like all of us, are concerned about improving the economy, creating jobs, and doing all the other things that are important for our Nation. We know that the Department of Transportation tells us that for every \$1 billion invested in transit some 47,500 jobs are created and sustained. So we do wonder about that.

We also know that the kind of investment that this Committee has advocated is not only good for our public-sector members but is also good for our private-sector members too. We know it is not just the big cities that benefit from this investment. Beyond the obvious expansion needs of rural transportation that you have already spoken of, sir, we know that buses, for example, are built in places like Anniston, Alabama and Lamar, Colorado, and Greensboro, North Carolina and a number of other cities around the country. It is not only the service that accrues to the American public from these kind of investments, but it is also the jobs, it is the economic benefit that results as well.

We know from studies that every \$10 invested in transit capital projects generates some \$30 in private-sector business sales; every \$10 in transit operations generates some \$32 in private sales. So we know these things are true.

We also know that the American public supports increased investment. A recent survey by the firm of Wirthlin Worldwide showed a number of interesting factors. The survey was completed in late February. Eighty percent of Americans saw quality of life benefits and understood that increased investment in public transportation was good for them and good for communities. Seventy-six percent supported public funding for the expansion and improvement of public transportation, and more than two-thirds would be more inclined to support candidates for Congress who support investment in public transit.

The interesting thing, we have been doing these polls for a series of years and we have seen an interesting phenomenon. These kind of positive results we often got in urban areas, but in recent years and particularly this year, we see these polls cut across all lines, whether it is large urban, small urban, rural areas, suburban areas, all parts of the country. There is now less than, I think it is six points difference between urban and rural answers on those questions. I think the country as a whole is understanding this and we certainly want to work with you in this regard.

Before I close, and given the focus earlier in the meeting on security, perhaps I could say a few words about transit security. First, after the horrific events of September 11, 2001, Senators Reed and Allard convened an oversight meeting of the Transportation Subcommittee and I was privileged at that time to bring them up to date on what some of the plans were of how transit was starting to deal with the tragedies. Now, two and-a-half years later, I can show you solid results.

I want to give credit where credit is due. We have had a very good partnership with the Federal Transit Administration and we have been very pleased with their cooperation in many areas, particularly in research, in threat assessments, vulnerability assessments, and those type of things. We have worked very closely with the Federal Transit Administration. Although, as the Committee probed this morning, as responsibilities have been shifted to the Department of Homeland Security, attention has not necessarily focused on transit the way we believe that it should have.

Nonetheless, we have pursued strengthening our resolve as far as security issues go. A recent survey that we completed of our members showed a number of interesting results. We asked our

members, for example, how much have you been investing in homeland security since September 11, 2001 and it came back that we have spent and invested over \$1.7 billion. That money has come almost exclusively out of their budgets. In other words, the fare box, local taxes, State taxes, however it is that they might be funded in their community. Yes, there has been some small amount of Federal money made available in some communities, but largely it has been a response from State and local resources.

We asked our members, now that you have been at this issue of security for a few years, you have experience, you know what works—I think Ms. Dorn correctly pointed out the different strategies that seem to work best—what kind of funding is necessary? From that survey we were able to produce an analysis that shows we need both capital money, one-time money, as well as operating money over and above what State and local governments are already spending. The overall number that we have derived is about \$6 billion, some \$5.2 billion of that being additional capital and other one-time costs, about \$800 million being for increased operating costs, continuing research needs, things of that sort.

I will be happy to supply the Committee with a more complete list. We expect the study to be—

Chairman SHELBY. You can submit that for the record.

Mr. MILLAR. Yes, sir, I would be glad to, and we expect the study to be fully analyzed within the next 2 weeks and I would like to submit that to you. That will also have our funding priorities in these areas.

We would ask the Committee's help. We have been talking with the Department of Homeland Security. We are very disappointed that the President's fiscal year 2005 budget proposal does not include a line item for transit security. As was mentioned earlier, in the 2004 and 2003 budgets, the Department of Homeland Security did set aside small amounts of money. But in the 2005 budget we are told to compete with every other need that is in the country. I certainly understand the point about the need to prioritize, but our experience is, the way the urban system money in that Department gets divided up, transit has yet to receive its first dollar that was not earmarked for it.

So Mr. Chairman, we certainly want to work with you and the Members of the Committee to see if transit needs can be correctly identified, and then if steps can be taken to amend the President's budget or whatever the proper procedure is in the Senate to see if we cannot make some funding available to improve security in our systems.

In short, Mr. Chairman, we thank you for holding this hearing. We fully support the Banking Committee's efforts to get a good long-term reauthorization bill. We would hope that the appropriation for public transit investment in the coming year is not less than the Committee included in the SAFETEA legislation, and we would ask your help in getting more focus and more funding put into transit security needs.

At the proper time I would be pleased to answer your questions, sir.

Chairman SHELBY. Thank you. Mr. Marsico.

Mr. MARSICO. Thank you, sir.

**STATEMENT OF DALE J. MARSICO
EXECUTIVE DIRECTOR, COMMUNITY
TRANSPORTATION ASSOCIATION OF AMERICA**

Mr. MARSICO. I would like to begin be thanking you for inviting me to be here today. There are many things in my written testimony that are very supportive of the work the Committee has done over the last several years, and especially in its efforts to reauthorize the transportation programs.

I think it is very interesting that almost exactly 2 years ago this week in this very room that the process on transportation reauthorization began in the first hearings that were held by the Banking Committee taking a look at our investments in America's transportation future. Two years of the solid research, 2 years of hearings, 2 years of testimony have resulted in your landmark legislation that you passed which is significant progress for all parts of America's transportation systems. As you know, we have traditionally been very supportive advocates of expanding transportation options in the public sector for people who live in rural communities and for our seniors. Over the last 10 years, public transportation has reached out to provide greater levels of service to all of those people, and your bill and your legislation recognizes that and rewards that work.

We feel that people that live in communities, regardless of size, all have a stake in what public transportation can do for them. And as our country ages and as we have more older people living in rural communities, it is essential that we expand rural transportation options for all of those people, and your bill does that.

When you look at what we heard here in this room 2 years ago about all the good things that transit could do, all the returns on investment that transit can provide to communities regardless of size, it is almost like that line from the T.S. Eliot poem where we return to the place we started and it is still the same. Everything we knew then is true today, and everything that we said we needed to do for transit, we needed to do.

Unfortunately, the Administration does not share our views. Their proposals and their hold-harmless funding for transit, as Mr. Millar so well stated, the inflation in key transit areas in terms of cost has continued over the last 2 years so even a hold-harmless budget is nothing more than a reduction, because the cost of meeting our current obligations will not leave us with sufficient resources to expand programs to benefit more seniors or more rural communities, which is why we support what you did. When we look at the proposals from the Administration, when we look at the work of S. 1072, there is no other choice for us than to say that Federal funding for fiscal 2005 and 2006 should be based on your work and not on the Administration's projections.

In the work that lies ahead, I know that inevitably there is going to be a House bill and sooner or later there will be a conference. I am here to urge you to take the values that are in S. 1072 and taken them into that conference and to take them into the fight with the Administration, because if we do not have those numbers we will not advance to fill unmet needs; we will lose ground. I think as we learned when we talk about September 11, or we talk about natural disasters, we talk about what happened last year

when we had the energy blackout, in all of these cases transit played a critical role in moving Americans to safety. And last summer it played a critical role in sheltering our seniors in high-rise buildings who were then in transit buses because it was the only air-conditioning they could find in very hot weather. These are all the good things that transit does that do not necessarily get factored into the statistical formulas that people like to use when they describe our industry.

Our testimony talks a lot about people, individual stories about individuals that transit makes an important difference in their lives. They live in every community, big and small, and they are the people that we should be most concerned about.

Last, on the issue of security, we did mention in our testimony that we thought that one of the overlooked areas in transit security remains the fact that we do not have any national reserve of buses or rail cars for a national disaster or for a terrorist attack. We also think that there needs to be sufficient stockpiles for fuel and other vital resources that keep transit moving should there be a natural disaster or a terrorist attack. We think that area does need to have a significant review.

Last, I just want to say this. When we look at the work that you did, I think it is very significant to note that the first transportation bill to pass in America by any House of Congress in the 21st century is your bill, and it is a mighty good place to start for all parts of the transportation community. But for the rural parts of the community, for people who are interested in seniors, for people who have unmet needs, your bill is better than that. Your bill is the way forward for all Americans, and I want to thank you on behalf of our 7,000 members and the people who use our transportation services and theirs. Without your work we would not have the kind of future that we need, so thank you very much, Mr. Chairman.

Chairman SHELBY. Thank you.
Mr. Martin.

**STATEMENT OF TIMOTHY MARTIN
CHAIRMAN, STANDING COMMITTEE ON PUBLIC
TRANSPORTATION OF THE AMERICAN ASSOCIATION OF
STATE HIGHWAY AND TRANSPORTATION OFFICIALS
SECRETARY, ILLINOIS DEPARTMENT OF TRANSPORTATION**

Mr. MARTIN. Thank you, Mr. Chairman. It is a privilege to be here representing both the State of Illinois and the American Association of State Highway and Transportation Officials. On behalf of that organization we would like to thank you for your leadership in passing Senate bill 1072. We believe the \$318 billion that you passed serves as a wonderful floor for transportation funding as we go forward.

As you said, Mr. Chairman, we are midway through our second short-term extension of TEA-21. We are also entering the summer construction season. We need to get going and we ask that everyone involved work quickly to get a bill passed and get a bill signed so that projects can go forward.

The Administration's request has been documented here today as well below all transit needs. It threatens a serious setback in fund-

ing and it threatens a serious setback in transit throughout the country. The work of TEA-21 led to a 22 percent increase in transit ridership throughout the country. This brings the number of rides to a 40-year high. This is something significant and something which should be built upon rather than taken down from.

What does transit provide? Transit provides a reduction in traffic congestion and enhances the efficiency of the highway transportation system. It also provides access to jobs to people who do not have access to automobiles. As has been said here, it also provides access to the young, to the old, and those who are disabled. And most importantly, it conserves energy and reduces air pollution.

The Administration's budget proposal would basically freeze transit funding at the 2004 levels bringing \$7.3 billion, \$6 billion from the highway trust fund drawdown and \$1.3 billion from general funds. The U.S. DOT's most recent conditions and performance report says that it requires an annual investment of \$20 billion simply to maintain. Now we understand that in these tough times it is difficult to get everything that we need. But we are not even funding at half the level of the stated needs of the U.S. Department of Transportation.

AASHTO's own bottom line analysis says that we need \$19 billion, and as Mr. Millar said, \$44 billion to improve service. We are not even scratching the surface of those needs to improve transit funding.

In my own home State of Illinois TEA-21 made significant strides in improving transportation. Between the rural program that was started, we support the common sense changes that you have talked about here today. We support those in Illinois because only have two-thirds of our counties have access to rural transportation. One-third does not. That is something that we need to change.

Illinois FIRST, in combination with TEA-21, allowed us five New Start projects. That is significant. But we will not continue to make the gains at the current funding levels that we have proposed today. We are talking about jobs in Illinois. Our Governor has started jobs programs, construction programs, to provide much-needed jobs throughout the State. The funding levels brought here today by the Administration do not increase jobs anywhere.

State transportation officials believe that the transit program provisions of TEA-21 have stood the test of time and should be maintained. While guaranteeing funds from the mass transit account of the Highway Trust Fund, the Administration would not guarantee the General Fund. That is troubling to us. States and transit agencies need stable funding commitments to plan major infrastructure projects throughout the country. The Administration calls for reducing Federal funding for New Starts from 80 percent to 50 percent. Given everybody's well-known funding problems throughout the States, this will not help improve transit throughout the country.

The Administration proposes to restructure a program so that 80 percent of the New Starts come from general revenue funds. These same general revenue funds which they do not propose to guarantee. This will cause even more issues with starting New Start project throughout the country.

Giving the States flexibility to fund some of the security activities out of highway trust funds is a positive. But as has been demonstrated here today, there are not enough funds for security issues.

Continuing the ability to allow States to flexibly transfer funds between highway and transit is a good thing. Doubling Federal rural transit assistance is also a good thing.

In summary, the Administration's proposed flat-line funding for transit in fiscal year 2005 is inadequate to address job access, job creation, needs for transportation for elderly and disabled. We support the \$8.65 billion you have voted on and we will do whatever we can to help support passage of a bill in conference committee.

Thank you very much.

Chairman SHELBY. Thank you.

Mr. Lundberg.

**STATEMENT OF ROLF TH. LUNDBERG, JR.
SENIOR VICE PRESIDENT OF CONGRESSIONAL
AND PUBLIC AFFAIRS, U.S. CHAMBER OF COMMERCE**

Mr. LUNDBERG. Thank you, Mr. Chairman. Good afternoon. My name is Rolf Lundberg. I am Senior Vice President for Congressional and Public Affairs at the U.S. Chamber of Commerce. I am here today representing the Chamber's 3 million businesses as the world's largest business federation. I would like to address the Administration's proposed fiscal year 2005 budget for public transportation and the importance of public transit in our multimodal transportation network.

Mr. Chairman, the U.S. Chamber of Commerce is, to echo your words, very disappointed that the Administration's proposed fiscal year 2005 budget which indeed freezes public transit funding at last year's investment levels. Our Nation's public transportation system is critical to our future economic growth, to our international competitiveness, quality of life, and national security. The Chamber of Commerce has urged Congress to increase public transportation funding. It is a proven investment that creates jobs and generates economic growth.

We are happy that this Committee and you, Mr. Chairman, have worked so hard to significantly increase investment in public transportation in the transit title of S. 1072. The Chamber applauds this Committee's effort to remain firm in its commitment to increase funding for transit. With a short-term extension of TEA-21 that is set to expire at the end of next month and infrastructure requirements continuing to grow, now is certainly not the time to flat line investment in our public transportation system.

Public transportation is taking on an increasingly important role in America's multimodal transportation network. Over the last 6 years, transit use has grown faster than population growth. These ridership gains are directly attributable to the significant Federal investments in public transportation. In 2001, each American traveling during peak periods wasted an average of 60 hours a year, nearly 8 full working days, simply in traffic congestion. In that same year, congestion cost America nearly \$70 billion in wasted time and fuel.

Across America, investment in public transportation is paying off. Transportation accounts for approximately 17 percent of our GDP, and for American families transportation represents about 18 percent of household spending, the second-largest household expenditure after housing.

Without the option of providing strong investment in public transportation to State and local governments, we will feel the consequences of a subpar system, congestion, decreased productivity, more accidents, and a diminished quality of life. The U.S. Department of Transportation data show that a minimum of \$60 billion per year of Federal investment is needed to improve and maintain the current physical conditions of the Nation's highways and bridges. DOT estimates that \$20.6 billion in capital investment is needed annually just to maintain and improve current public transit services. We currently spend about \$7 billion a year. To meet these current challenges we must invest more of our limited resources in a better and more efficient manner.

Mr. Chairman, we applaud the work of this Committee for developing a package that significantly increases Federal transit authorizations with appropriate budgetary protections. We firmly believe that S. 1072's authorizations of \$255 billion for highways and \$56.5 billion for public transportation and guaranteed funding levels are the bare minimum that should be accepted for any 6-year TEA-21 reauthorization bill. Therefore, we believe any legislation below the Senate investment number for a 6-year bill would be unacceptable. As the House prepares or is debating or will be debating a \$275 billion bill, we urge this Committee and the Senate to continue to insist on a \$318 billion level in conference.

In closing, Mr. Chairman, the U.S. Chamber of Commerce will continue to advocate for increased investment in transportation infrastructure. The impact of freezing public transit funding at current levels will increase congestion, decrease safety on our roads, and set back our ability to improve air quality. Public transportation is a critical component in a national transportation system. Increasing capacity on modes of transportation is needed to meet the growing passenger and cargo demands.

The U.S. Chamber, and for that matter chambers of commerce throughout the Nation at the State and local levels and the business community, look forward to working with you and this Committee and the President to support funding the Nation's surface transportation needs, and at a minimum to support the authorized and guaranteed investment levels in S. 1072. This investment in transit will ensure that we provide a quality of life that all Americans deserve.

Thank you, Mr. Chairman. I will be happy answer any questions you or any other Member may have.

Chairman SHELBY. Mr. Lundberg, if you have the information with you, could you tell me, what the impact would be on transportation-related businesses nationwide if we were to enact into law a comprehensive surface transportation bill that is funded at \$318 billion? What would be the impact, first on transportation-related businesses and second, on the economy as a whole?

Mr. LUNDBERG. Mr. Chairman, the business community is, of course, very concerned about the impact on the economy. The short

answer is it would be extremely favorable. What we do know is that Government investment in infrastructure stimulates the economy more than just about any other form of fiscal policy.

Chairman SHELBY. It would mean significant job creation, would it not?

Mr. LUNDBERG. It would be a heck of a lot of jobs, and has been noted at this panel, that number is approximately 47,500 jobs per billion dollars spent. It is an extraordinary return on investment in transportation, and it would have an extraordinarily positive impact on the economy and on businesses in this sector, yes.

Chairman SHELBY. Mr. Millar, in addition to the funding, there are several new initiatives, S. 1072, that I, Senator Allard, and others felt were important steps towards advancing the role of the private sector in providing public transportation services. Specifically, we adopted the Administration's proposal to allow private operators of public transportation to qualify as sub-recipients of grant funds. Would APTA, like the Committee and the Administration, agree these changes present an opportunity for positive reform?

Mr. MILLAR. Yes, sir, we do. We think that the steps you have taken, which is really a continuation of policy directions you have taken over the years, are very good policy directions indeed. Ours is an industry that if we were speaking 30 years ago, people did not see much role for the private sector. But for a variety of reasons, including the investment in our industry that this Committee has overseen over those decades, it is now a much more attractive place for many businesses to do business. We think the provisions you put in your bill, that we hope will become law, are a great step in that direction, sir.

Chairman SHELBY. In your opinion, what would be the impact on the industry and on transit riders nationwide if the Congress were to flat-line transit spending?

Mr. MILLAR. Less service, higher fares, less ability for people to travel, fewer people able to get to jobs, less people able to get to job training, fewer people able to get to school, less opportunity, more disparity in our economy. The list goes on and on.

Chairman SHELBY. Increasing rural connectivity and providing opportunities for service in small communities nationwide was an important goal in crafting S. 1072, as you may know. If those provisions become law, can you tell the Committee what you believe the impact will be on the communities you represent, specifically rural communities?

Mr. MARSICO. I am think, as we said in our testimony and have said at many times before this Committee, the dynamics have changed in rural America, are such that we have greater numbers of older Americans who live in rural communities, and we also live at a time when their basic health services, their basic way of doing business in the world has moved further from them, especially since in health care more outpatient medication is usually located in more distant urban areas. Consequently, rural transportation becomes much more of a priority for them. Any lack of investment or addressing the fact that that population in rural communities, as you know in your own State, continues to grow older.

We have to have investment to have more flexible programs that can be developed in the local communities and in rural States that

can meet those needs. I think if we look around the country we will see that these programs return huge investments in terms of the quality of life for our older citizens in rural communities for very small dollar investments.

I think the other thing that is very clear if you look at America's network of rural transportation, some of it is faith-based, some of it is nonprofit, some of it is publicly based. When you look at that quilt of services you also find a high degree of volunteers and community people involved at all levels as part of that process. The special thing about rural transit is, it spans all of those organizations in a way that helps make communities stay viable. So anything that contributes to that obviously makes that quality of life better, and anything that we do in that area is going to cost us a lot less for the returns that we are going to get.

Chairman SHELBY. Is there a nexus between public transit and access to health care?

Mr. MARSICO. I think in the studies that we did when we tried to interest the Senate in taking a look at this as part of the Medicare issue, that we find that based on studies done by the General Accounting Office, especially in rural communities, it cost the Government somewhere between \$700 and \$800 for an ambulance trip for a senior to a medical facility when there is no access to public transit. Compare \$700 or \$800 to the average public transit cost for that trip was between \$8 and maybe \$18 at the highest level. So, I think in terms of that it is an obvious mix, it is an obvious issue that we tried to address in the Medicare bill, and I appreciate your work, and that of Senator Dodd, in trying to make that a priority in terms of programs for senior citizens in rural communities, that we get medical transportation out front.

If we really want to make improvements in lowering the cost of Medicare and other entitlements, it is always in outpatient medicine. But outpatient medicine without public or community transportation, that is not ambulance-based, is not going to be an effective way to deal with that. Again, if we maintain and improve the network of transportation then people can stay in their home communities and stay out of institution, which no one would choose for themselves.

Anything that we do in that situation makes it better. The numbers are there. The GAO says it is a good idea, and your bill, your work, the work of Senator Dodd, is exactly where we need to take this issue.

Chairman SHELBY. Thank you. Mr. Martin, in your testimony I was struck by a reference you made to some 37 counties in your home State of Illinois that are devoid of any public transportation services. That is probably true of many areas across the country. Has AASHTO done an analysis of particular provisions in S. 1072 which would have an impact on the unserved and underserved communities that you reference, in Illinois but also in other States across the country?

Mr. MARTIN. I think the gains in TEA-21 are continued with Senate bill 1072 and I think that is very important. The difference, when you look at Administration's bill, while they talk about combining things, that is very good but it is the funding that the needs to be presented to make these things work.

Chairman SHELBY. How many counties do you have in Illinois?

Mr. MARTIN. We have 102 counties.

Chairman SHELBY. So a third of them, more or less.

Mr. MARTIN. Yes, so a little more than a third are not served by any transit. We believe that by combining some of these programs, taking some common sense measures, we can make the same dollars or more dollars go farther. I think that is true of many States. In urban areas, I think as has been said, it is a little easier to get there. But we have some counties that have no medical service so you have to cross county to county to get to a doctor, and that is not fair for people who cannot drive a car or cannot afford a car.

Chairman SHELBY. Gentlemen, we thank you for your testimony, and your patience in letting us go vote but more than that, for your substantive input in helping us craft a good Senate bill. Thank you very much.

The hearing is adjourned.

[Whereupon, at 4:05 p.m., the hearing was adjourned.]

[Prepared statements and response to written questions supplied for the record follow:]

PREPARED STATEMENT OF SENATOR CHRISTOPHER J. DODD

I want to commend Chairman Shelby and Senator Sarbanes for convening this hearing on the fiscal year 2005 budget for the Federal Transit Administration.

I also want to thank Administrator Dorn for being here this afternoon. Although I will not be able to stay for the entire hearing, it is nevertheless very important for the Members of this Committee to hear about the Administration's transit priorities for the upcoming fiscal year.

It has been nearly 2 months since the Banking Committee unanimously approved legislation reauthorizing the Nation's transit programs. Thanks to the outstanding leadership of Chairman Shelby and Senator Sarbanes, we were able to forge consensus on a \$56.5 billion measure for mass transit over the next 6 years.

This amount, I believe, represents a significant investment for the future. It is especially important for States and regions like my own that rely heavily on mass transit but whose aging infrastructure needs repair and modernization.

It is therefore troubling that the Administration's budget proposal would flatline transit spending at last year's level, without even an increase for inflation or ridership growth. In addition, I am deeply concerned that the transit measure approved by the House Transportation and Infrastructure Committee yesterday is \$5 billion less than the Senate level. I am well aware of the fiscal constraints that the Nation is facing, but it makes little sense to underinvest in an area where there are so many unmet needs.

After all, transit ridership continues to grow each year. Why then is the Administration not recommending more resources to address this need?

In addition, highway congestion continues to worsen, especially along the Northeast Corridor. Why then is the Federal Transit Administration proposing to take away one of our most effective congestion mitigation tools?

Finally, investments in mass transit create jobs and serves as a catalyst for economic development. In fact, every one dollar invested in transit returns eight dollars to the economy. Why then is the Administration not proposing new transit funds to spur the economy?

If anybody were to argue that there is no need for additional transit spending, I would urge them to look at Connecticut. This winter, we had severe problems on the Metro-North Railroad New Haven Line. A combination of cold weather and aging railcars knocked nearly a third of the fleet out of service for several weeks. And it was not just the passengers who were left out in the cold. The economy suffered as well. People could not travel to and from work. Students could not commute to and from school. Everything was at a standstill.

Connecticut is not the only State experiencing such hardships though. Other States, particularly in the Northeast and Midwest that rely heavily on transit, require increased investments in mass transit to ensure that their systems run efficiently. For that reason, we can not be satisfied with the Administration's budget proposal.

With that, let me again thank Administrator Dorn and express my sincere desire to work with her to build on the successes transit has enjoyed over the years.

PREPARED STATEMENT OF SENATOR JON S. CORZINE

Mr. Chairman, thank you for calling this hearing to discuss the Administration's proposed budget for the Nation's mass transit needs in the next fiscal year. I welcome Federal Transit Administrator Dorn today and look forward to her testimony.

Mr. Chairman, I have strong doubts that the budget that the Administration has proposed will be sufficient to meet the needs of our Nation's transportation infrastructure. The challenges posed by increased traffic congestion, poor air quality, and an aging road, rail and bridge network require a strong level of financial commitment from the Federal Government. Unfortunately, I cannot find that level of commitment in this proposal.

With regards to the Administration's fiscal year 2005 transit proposal, I am equally disturbed by the levels, Mr. Chairman. The Administration has proposed a fiscal year 2005 mass transit budget that is \$7.2 billion. That is the same as the Administration's Fiscal Year 2004 Budget request and the same as the Fiscal Year 2004 Omnibus Spending bill that was signed into law by the President. This is clearly inadequate.

I would also like to address transit security. In light of the tragic bombing in Madrid on March 11 that took 190 lives, I am concerned that we are not doing enough to prevent a similar attack in the United States. The Administration has only re-

quested \$37.8 million for Federal transit safety funding for fiscal year 2005. This is also inadequate.

Finally, I would like to take a moment to address TEA-21 reauthorization. For the past 6 months, Congress has struggled to enact a reauthorization bill that would help fund highway and mass transit needs. The Senate passed a bill in February that I consider a good start: We have set aside \$311 billion. But the Administration has opposed this amount and has threatened a veto. As a result, the House of Representatives is considering a bill that only provides \$275 billion. I find it disturbing that instead of working with Congress to try to increase the funding for highways and mass transit, the Administration is instead trying to decrease funding.

I understand that the Administration's fiscal year 2005 proposal is subject to change. Congress will establish different and hopefully higher highway and mass transit levels for fiscal year 2005 and the next 6 years. I look forward to this as a Member of the Banking Committee. Thank you.

PREPARED STATEMENT OF JENNIFER L. DORN

ADMINISTRATOR, FEDERAL TRANSIT ADMINISTRATION
U.S. DEPARTMENT OF TRANSPORTATION

MARCH 25, 2004

Mr. Chairman and Members of the Committee, thank you for the opportunity to testify today in support of the President's Fiscal Year 2005 Budget for the Federal Transit Administration (FTA). We are looking forward to working with this Committee and with Congress to achieve the goals outlined in our budget request. This budget request reiterates a number of important elements of the Administration's surface transportation reauthorization proposal, including predictable funding through the formalization of most transit programs; an increased focus on results through a ridership-based performance incentive program; and increased attention to the needs of people who are most dependent on public transportation as a lifeline to jobs and community resources.

The President has proposed spending \$7.27 billion on transit programs in fiscal year 2005, sustaining the record level of Federal investment in transit proposed by the President and enacted by Congress for fiscal year 2004. Reflecting the President's desire to make transit funding more reliable and more predictable, this budget proposes to redirect funding to reflect an increased priority on funding for rural communities and programs that serve people with disabilities, older adults, and low-income individuals who need better access to jobs and training opportunities in their communities. In addition, the President has proposed spending \$1.5 billion, a 16 percent increase over the fiscal year 2004 enacted level, for the New Starts program. As American cities continue to grow, we believe that building and expanding transit systems through the New Starts program will be an important element of our Nation's efforts to grow our economy, promote energy independence, address congestion, improve emergency preparedness, and protect our environment.

Common Sense Transit Solutions

The hallmark of this Administration has been the pursuit of common sense transit solutions for all Americans. Over the last decade or more, a growing awareness of the needs of older adults, persons with disabilities, and people with low incomes has led to the creation of new programs throughout Government—some are transportation programs, but many are human service programs that fund transportation services for their clients. As you know, in June 2003, the General Accounting Office identified 62 programs run by eight different Federal agencies that fund transportation services for individuals in these groups. Local governments, community groups, and nonprofit agencies have also stepped in to help address these important transportation needs. This growing and complex web of transportation services is, without question, a positive reflection of the increasing attention that community stakeholders, the Federal Government, and Congress have placed on meeting the needs of our Nation's most vulnerable citizens.

Ironically, this impressive investment of money, time, and energy in public transportation has not solved the transportation problems of the people they are intended to help. Our communities have adopted a myriad of human service transportation networks, which to varying degrees involve transit agencies that provide fixed route or demand-responsive public transportation and paratransit services, nonprofit agencies that operate transportation exclusively for use by their own clients, and human service agencies that provide funds to individual clients to purchase trans-

portation services. Unfortunately, in most communities, making sense of these complicated networks is a difficult task that is still left to the customer. Typically, each agency that provides transportation has its own rules, billing practices, customer entry points, destinations, and routes. In some communities, two or more agencies run essentially the same route each day; but they may be permitted to serve only older adults or people with disabilities, not both, so they cannot pool their resources. Sometimes, one agency duplicates another group's service simply because it does not know what the other agency is doing. In still other cases, common sense transit solutions, such as the sharing and coordination of transit resources, are foiled by conflicting grant restrictions and requirements. In these situations, more can become less for the people who need public transportation and must navigate a dizzying array of agencies and requirements to access work, medical care, and community events.

Improving the coordination of human service transportation is one of the top priorities for the President, Department of Transportation Secretary Mineta and for the Federal Transit Administration (FTA). On February 24, President Bush signed Executive Order 13330 bringing 10 Federal agencies together on the Interagency Transportation Coordinating Council on Access and Mobility, and charging them with the tasks of eliminating duplication and overlapping Federal programs and improving the coordination of Federally supported transportation services at all levels.

The Executive Order was announced at the first National Leadership Forum on Human Service Transportation Coordination, convened by Secretary Mineta and his counterparts in the U.S. Departments of Labor (DOL), Education (ED) and Health and Human Services (HHS)—Secretaries Chao, Paige, and Thompson—to provide technical assistance to States and recognize those States that have already taken significant steps to improve human service transportation. Before an audience that included Governor-appointed senior leadership teams from 47 States and U.S. Territories, Secretary Mineta honored five States—Florida, North Carolina, Maryland, Ohio, and Washington—that have made significant progress toward building a coordinated human service transportation system.

Improving human service transportation coordination is also a key component of FTA's Strategic Business Plan, and I have assembled a team to work on it full-time with our partners in agencies across the Federal Government. Already, we have launched United We Ride, a five-part initiative that encourages the coordination of transportation services for people to access health care, employment and employment-related services, and other community resources. In addition to the National Leadership Forum and State Leadership Awards, the United We Ride initiative includes:

- *A Framework for Action.* Created by a panel of experts that convened in August 2003, this self-assessment tool will help States and communities identify areas of success and areas where they still need to take action to improve the coordination of transportation provided through human service programs, as well as traditional public transportation.
- *State Coordination Grants.* Grants will be made available to States to help address gaps in their human service transportation coordination efforts. FTA has identified \$1 million for these grants in fiscal year 2004.
- *Help Along the Way.* A technical assistance program that will build on the work of the Community Transportation Association of America (CTAA), Project ACTION, and other stakeholder groups to provide hands-on assistance to States and communities in coordinating their human service transportation programs.

The United We Ride initiative is but the latest in our efforts to make real progress toward improving the coordination of human service transportation programs. For some time now, the Department of Transportation has been working with its Federal partners at HHS, DOL, and ED to ease the Federal barriers to effective coordination. We have made progress. Under the leadership of the DOT/HHS Coordinating Council on Access and Mobility, for example, we opened the door for Medicaid funds to be used to purchase public transportation passes. Further, working with our colleagues at DOL, funding relationships have been forged between employment-related transportation programs operated by the two Departments.

The DOT/HHS Coordinating Council has also been vigorous in sponsoring technical assistance for States and communities that seek to improve coordination of their human service transportation systems. HHS and DOT jointly fund the National Transit Resource Center that make available experts and peer-to-peer assistance on human service coordination, and disseminates best practices and other resource materials. Earlier this year, HHS and DOT published guidance on coordinated human service planning practices.

As we did by hosting the National Leadership Forum, we have also recognized the important leadership role that State governments must play in promoting and coordinating transportation services. We have encouraged and supported the formation of the National Consortium on the Transportation of Human Services Coordination to facilitate collaboration among State and local organizations. CTA has taken a leadership role in the consortium. The consortium now comprises 17 national organizations with an interest in human services and transportation—including the American Association of Retired Persons, National Governors Association, Paralyzed Veterans of America, National Association of Area Agencies on Aging, and the National Conference of State Legislatures.

The FTA fiscal year 2005 budget request and the Administration's SAFETEA proposal for reauthorization of surface transportation programs include some important elements that will further promote human service transportation coordination. I am pleased to note that the Committee's reauthorization bill (S. 1072), as passed by the Senate on February 12, incorporated many of these key program components, including provisions that require local prioritization plans for projects to service older adults, persons with disabilities and low-income individuals; increase planning resources and create a new planning capacity program; make mobility management an eligible expense; and permit other Federal social service transportation dollars to count toward the local match for FTA programs targeted to older adults, persons with disabilities, and low-income individuals.

Like the States and communities that have already begun the tough work needed to accomplish better transportation coordination, as Federal officials, we know that this work will reap mobility benefits far into the future, helping to ensure that every American has the transportation necessary to access community life, services, and the economic opportunities of this great Nation.

Finally, I want to thank Chairman Shelby for his leadership and support of our efforts to improve the coordination of human service transportation. In Alabama, he has promoted public transportation as a vital link to employment services for individuals with disabilities and low-incomes as part of the Job Access and Reverse Commute Program. Nationally, he has worked to keep this issue at the forefront of the Nation's agenda, and was an important champion of the United We Ride Leadership Awards program.

New Starts

The President's Fiscal Year 2005 Budget provides \$1.5 billion, a record level of funding, for the New Starts Program. This budget is a reflection of the Administration's strong commitment to continued Federal investment in major transit projects that are cost-effective, locally supported, delivered on time and within budget, and achieve their promised transportation benefits. It is a \$216 million (16 percent) increase over the fiscal year 2004 enacted level and reflects the specific project funding recommendations found in FTA's Annual New Starts Report for fiscal year 2005.

In addition to funding the 26 existing and one pending full-funding grant agreements (FFGA), the budget funds seven additional projects—five that are expected to be ready for a new FFGA before the end of fiscal year 2005 and two meritorious projects in Raleigh and Charlotte, North Carolina. These project sponsors are working on possible design changes intended to improve ridership that may have an impact on project costs. They are working closely with FTA to ensure that their final proposals deliver the most benefits for the taxpayer dollar.

These seven additional projects recommended for funding were among 29 that were evaluated and rated in the fiscal year 2005 Annual New Starts Report. Of the 29 that were rated: 17 received "recommended" ratings (including the seven funded in the President's Fiscal Year 2005 Budget); 7 received "not recommended" ratings; and 5 were "not rated" because complete, accurate data needed to rate the project was not yet available from the project sponsor.

In the fiscal year 2004 process, FTA implemented a time-savings measure to replace "number of new riders" in the calculation of cost-effectiveness. For the fiscal year 2005 New Starts rating process, FTA made no changes in measures, breakpoints for ratings, or weightings among measures in the determination of ratings. However, we continue to focus on helping project sponsors develop good projects that are brought in on time and within budget, and that deliver the promised benefits. With an increased focus on ensuring a good return on investment, proactive project cost management by FTA and project sponsors resulted in a total savings of \$673 million for seven proposed investments. One new tool we are using is a quantitative risk assessment that helps project sponsors identify the issues that could affect schedule or cost, as well as the probability that they will do so.

Originally developed to help manage the Federal Government's risk with regard to the 100 percent Federally funded Lower Manhattan Recovery projects, this risk

assessment tool has given both FTA and project sponsors a new quantitative means to manage risk more explicitly and reduce the likelihood of cost and schedule overruns. We are currently conducting risk assessments for those projects that are further along in project development, but will eventually use this important tool to assist sponsors with projects in alternatives analysis and preliminary engineering. We know that the earlier project sponsors identify and understand the ramifications of alignment, design, engineering, and other decisions, the better our projects will be, and the fewer undesirable "surprises" communities will face in later stages of development. We believe this tool will be particularly useful as FTA responds to Congress's request that we become more involved in project assessment during the alternatives analysis stage.

Enhancing Transit Security

The President's Fiscal Year 2005 Budget also reflects a continued commitment to making our public transportation systems as safe and secure as possible. In fiscal year 2005, we request \$37.8 million for security initiatives, which remain a high priority. This reflects the 1 percent of Urbanized Formula Grant funding grantees are required by statute to use to increase the security and safety of an existing or planned mass transportation system, as well as FTA investments in security training for transit system employees, emergency preparedness and response activities, and public awareness efforts.

As you know, public transportation is inherently an open, accessible system intended to help people move rapidly and efficiently everyday between home and work, shopping, medical care, and other community activities. While our Nation's approach to security is necessarily different in this environment than it is in the relatively closed environment of airline security, we have pursued increased security no less vigorously.

In light of recent events in Madrid, I believe it is particularly timely to discuss our efforts with respect to rail security. America has some form of rail transit (for example, some combination of subway, light rail, and/or commuter rail systems) in 30 cities and 22 States. These systems provide 11.3 million passenger trips each weekday. The systems are locally operated and controlled, and it is important to note that FTA does not provide operating funds for these systems.

As this Committee is aware, since September 11, 2001, FTA has undertaken an aggressive nationwide security program with the full cooperation and support of every transit agency. In each of these important rail cities, FTA has, in concert with the transit agencies, conducted risk and vulnerability assessments; deployed, at no cost to the transit agency, technical assistance teams to help strengthen security and emergency preparedness plans; and, as part of a \$3 million program involving 83 transit agencies, funded emergency response drills conducted in conjunction with local fire, police, and emergency responders.

Based on the full complement of threat and vulnerability assessments that have been conducted, as well as consultations with security experts around the world, FTA has pursued a consistent strategy of promoting emergency preparedness planning, employee training, and public awareness as the best way to prevent and/or mitigate the consequences of a terrorist attack. Among other important steps, FTA has:

- Issued a list of the Top 20 Action Items for transit agencies, identifying the most important elements to incorporate into their Security System Programs. These elements formed the basis of one of four Core Accountabilities for FTA Senior Executives in fiscal year 2003, and I am pleased to report that the 30 largest transit agencies accomplished at least 80 percent of these action items. This year, our goal is to ensure that those agencies complete 90 percent of the action items and to help the next 20 largest transit agencies complete at least 80 percent.
- Developed the ability to communicate instantaneously with the general managers and heads of security of the 100 largest transit agencies. This communication system is tested and used on a regular basis to provide updates on incidents, as well as security information bulletins and advisories.
- Funded and worked on a daily basis with the public transit Information Sharing and Analysis Center (ISAC) operated under the auspices of the American Public Transportation Association (APTA), to provide two-way communication between the intelligence community and the transit industry, as well as transit-specific intelligence analysis.
- Developed and launched "Transit Watch" in the fall of 2003. Transit Watch is a nationwide emergency response passenger awareness program, developed and implemented in partnership with the APTA, CTA, the American Transit Union (ATU), and the Transportation Security Administration of the Department of Homeland Security (DHS).

- Developed and will deliver this spring, Security Design Criteria for use by transit agencies as they design or redesign infrastructure, communications, access control systems, and other transit system components.
- Developed and delivered new security courses through the National Transit Institute (NTI), including Counterterrorism Strategies for Transit Police, Conducting Emergency Drills, Passenger Monitoring and Awareness, as well as updated versions of transit security courses and security needs assessments.
- Developed and will deliver this spring a web-based training tool for use by communities to conduct table-top emergency preparedness drills to test agency procedures, share best practices, and identify needs.
- Tested and provided targeted manufacturers and key transit agencies with information on the costs and benefits of chemical and biological detection systems.
- Developed, in conjunction with Argonne National Laboratories, and distributed to transit agencies standard protocols and guidelines for responding to chemical and biological incidents in rail, tunnel, and transit vehicle environments.
- Issued to transit agencies specific guidelines outlining steps to take at each Homeland Security Advisory Level.
- Have substantially completed development and will soon deliver, a passenger behavioral monitoring course that incorporates the latest in international counter-terrorism techniques. This course will heighten the effectiveness of the transit industry's awareness training portfolio.

During the recent "Orange Alert," the 30 largest transit agencies provided, at FTA's request, information about the specific actions they were taking as a result. These actions include:

- Utilizing bomb-sniffing dogs to patrol bus yards and train repair facilities.
- Increasing police patrols and visibility of transit system personnel.
- Increasing frequency of public awareness messages.
- Sending reminders to all transit employees, including bus and rail operators, about what to look for and how to respond to suspicious packages and individuals.
- Maintaining all police specialty vehicles in a state of operational readiness.
- Conducting more frequent Operational Control Center critical system backup checks.
- Assigning transit police to the local police department command center.
- Participating in conference calls with the FBI and emergency management personnel from the region.
- Notifying rapid response team members of potential for call-up.
- Issuing pager and text message alerts to operators and police.
- Checking all security systems, including lighting and intruder alarms.

Consistent with the current alert level, most transit agencies are now operating under "Yellow Alert" guidelines. However, based on intelligence information, several large systems continue to operate at the higher "Orange Alert" level.

Finally, as you know, we continue to work directly with the DHS, particularly in the area of intelligence analysis. As you may know, this fiscal year, DHS is funding \$675 million in security grants through States to urban areas based on a formula that takes into account factors including critical infrastructure, population density, and credible threat information. These funds may be used to enhance overall security and preparedness in order to prevent, respond to, and recover from acts of terrorism. In addition, DHS is providing a total of \$50 million to 30 rail transit agencies to help enhance the security of their passengers and assets. Allowable uses of these funds include the installation of physical barricades; monitoring systems such as video surveillance, motion detectors, thermal/IR imagery, and chemical/radiological material detection systems; integrated communications systems; and prevention planning, training, and exercises.

Despite the complete devastation of three subway stations and over 1,500 feet of track in Lower Manhattan on September 11, no passengers or subway personnel lost their lives in the attacks, thanks to the training and quick thinking of train operators, dispatchers, and transit managers. Today, I am proud to say that America's subways, light rail systems, and commuter trains are even better prepared to help prevent and respond to such emergencies.

Conclusion

Mr. Chairman, the President's Fiscal Year 2005 Budget proposal for transit programs is fiscally responsible and programmatically responsive to the needs of transit consumers. I would be pleased to answer any questions the Committee may have.

PREPARED STATEMENT OF WILLIAM MILLAR
PRESIDENT, AMERICAN PUBLIC TRANSPORTATION ASSOCIATION

MARCH 25, 2004

Introduction

Mr. Chairman and members of the Committee, on behalf of the American Public Transportation Association (APTA), thank you for this opportunity to testify on the Administration's proposed Fiscal Year 2005 Budget for the Federal Transit Administration (FTA).

About APTA

APTA's 1,500 public and private member organizations serve the public by providing safe, efficient, and economical public transportation service, and by working to ensure that those services and products support national economic, energy, environmental, and community goals.

APTA member organizations include public transit systems and commuter railroads; design, construction, and finance firms; product and service providers; academic institutions; and State associations and departments of transportation. More than 90 percent of the people who use public transportation in the United States and Canada are served by APTA member systems.

Background

Mr. Chairman, on behalf of APTA's 1,500 member organizations, I want to thank you, and the Members of this Committee, for your support of public transportation issues generally, and in particular your successful effort to pass a long-term authorization bill that addresses critical public transit investment needs, the Safe, Accountable, Flexible, and Equitable Transportation Efficiency Act (SAFETEA), S. 1072. In that regard, I am pleased to advise you that the APTA Board of Directors at its March 7, 2004 meeting during APTA's Legislative Conference, unanimously approved a resolution in support of the bill and commanding the Senate Banking Committee on its outstanding leadership in crafting the legislation. I would be pleased to submit a copy of APTA's resolution for the record.

Mr. Chairman, SAFETEA builds and improves upon the success of ISTEA and TEA-21, both of which helped to increase transit ridership by providing significant investments in transit infrastructure. The Senate-passed SAFETEA bill grows investment in the Federal transit program while building on the successful structure of the existing program. It increases investment for existing programs and addresses unmet program needs with funding growth. Like APTA's reauthorization proposal, SAFETEA provides extra growth for the rural formula program, and it establishes a new tier under the small urban formula program for communities that provide higher than usual levels of transit service. It guarantees funding for all programs, regardless of whether they are funded with general funds or trust funds, and maintains a level playing field for modal investments by preserving the 80/20 Federal match for all Federal transit capital programs. Again, we thank you for crafting this critically important piece of legislation.

Fiscal Year 2005 Transit Investment

APTA believes it is crucial to build on the success of TEA-21—and the Senate's action on SAFETEA—by continuing to provide significant investment in the Nation's transit and highway infrastructure in the fiscal year 2005 budget. That investment advances key national goals by producing jobs, providing more mobility options to all Americans, improving the environment and reducing dependence on foreign oil, and by providing a solid return on the investment. In short, we urge that Congress provide no less than the \$8.65 billion level included in the Senate-passed SAFETEA bill in fiscal year 2005.

The Administration's 2005 Budget

In contrast to this Committee's proposal for transit funding in fiscal year 2005, Mr. Chairman, the Administration's Fiscal Year 2005 Budget proposes to freeze funding for the Federal transit program at the fiscal year 2004 level of \$7.266 billion. Here's why we think that is a bad policy.

Fails to Meet Capital Needs

The Administration's proposed funding level would not even fund the transit capital costs of maintaining current service, let alone support funding levels needed to improve the system. Communities across the country are rehabilitating and expanding public transportation systems and constructing new ones. According to the Federal Transit Administration (FTA), more than 550 local public transportation op-

erators currently provide services in 319 large and small urban areas; 1,260 organizations provide public transportation in rural areas; and 3,660 organizations provide services to the aging population and disabled individuals throughout the Nation.

Through improved mobility, safety, security, economic opportunity, and environmental quality, public transportation benefits every segments of American society—individuals, families, businesses, industries, and communities—and supports important national goals and policies.

At the same time, the growing problem of traffic congestion continues to choke America's roadways and constrain community and business development. Polls consistently show that most Americans view congestion as a serious problem that continues to grow every year. Last year, APTA and the American Automobile Association (AAA) released the results of a poll that showed 95 percent of Americans said traffic congestion, including commutes to and from work, has grown worse over the last 3 years. The poll also showed 92 percent of Americans said it was important for their community to have both good roads and viable alternatives to driving. A separate poll by Wirthlin Worldwide found that 30 percent of respondents had used public transportation in the last year, which means that some 86 million Americans use public transportation each year.

Annual Federal appropriations for the Federal transit program have increased significantly in each of the years under TEA-21. Federal funding increased from just under \$4.4 billion in fiscal year 1997 to \$7.2 billion in fiscal year 2003. TEA-21 provided predictable growth in the Federal investment in public transportation, leading to impressive results. Service was expanded and improved, ridership reached its highest levels in 40 years, and public demand for additional capital investment in transit projects, new transit services, and improvements of existing systems is at record levels. This demand for additional service and capital projects comes at a time when many existing assets are nearing the end of their useful lives and need to be improved or replaced. The American Association of State Highway and Transportation Officials (AASHTO) concludes that an annual capital investment of more than \$44 billion is needed to adequately maintain and improve existing transit system infrastructure. Mr. Chairman, now is not the time to stop growing the transit program.

Fails to Grow Program; Program Structural Changes

In fact, Mr. Chairman, the Administration's Fiscal Year 2005 Budget proposal would reduce by \$103 million the funding which the Administration had proposed for transit in fiscal year 2005 under its own reauthorization proposal that was released just last May. Inflation would further erode the purchasing power of a funding level that is already well short of addressing capital needs.

The fiscal year 2005 budget proposal also continues to include program changes that have been consistently rejected by Congress. For instance, it calls for the elimination of the discretionary bus and bus facilities program, for which there is great demand.

The Administration's proposal also would fold the fixed-guideway modernization program into the formula grants program and permit the use of fixed-guideway modernization funds for nonfixed-guideway purposes. The fixed-guideway modernization program was originally designed to ensure the proper modernization of the Nation's older rail transit systems, and it helps ensure that as Federal new start investment projects age they can be modernized. Rail systems in large metropolitan areas carry billions of passengers each year and their ridership has grown substantially in recent years. Many of these systems are approaching capacity constraints. The Administration proposal would allow these funds to go to urbanized areas and be used for any transit purpose, not just modernization. We are concerned that diverting these funds from fixed-guideway modernization, where needs far exceed available resources, would only exacerbate unmet modernization needs and potentially result in the deterioration of some of the Nation's most valuable capital assets. The fixed-guideway modernization has been a critical component of the Federal transit program structure since 1982, and it is a great success.

Balanced Transportation Investment

The Administration's Fiscal Year 2005 Budget proposal also modifies its proposed 6-year transit/highway reauthorization bill. It would increase funding for its previously proposed 6-year reauthorization bill by \$9 billion, but all of that increase would be directed at highway programs. In contrast, the proposal would actually reduce authorized transit funding under the six-year bill by \$2.2 billion, from \$45.8 billion to \$43.6 billion. And of that amount, only the Mass Transit Account portion, \$37.6 billion, would be guaranteed. If only guaranteed funding were made available, as has generally been the case under TEA-21, transit funding would only reach \$6.6

billion by fiscal year 2009, which is some \$630 million less than the actual fiscal year 2003 funding for transit!

Mr. Chairman, such a proposal would bring an end to the balanced transportation investment between highways and transit that has been fostered under both ISTEA and TEA-21, and has been so critical to the growth of a balanced intermodal transportation system. Investment in transit makes sense because it is in demand. Nationwide, many systems are bursting at the seams, with the highest ridership in 40 years and a huge backlog of capital improvements identified. In growing communities where transit has not been a priority in the past, citizens are demanding new services and capital projects. Public transportation supports a solid and growing economy by providing access to labor, decreasing time lost to congestion, and freeing highway and road space for the movement of goods and people. Public transportation represents an efficient use of scarce financial resources, because it helps to mitigate congestion in densely populated areas and provides a mobility option to millions of Americans. Public transportation represents an environmentally responsible transportation option because it uses less fuel and emits far less pollution per passenger than the automobile. A report by economists Robert Shapiro of the Brookings Institute and Kevin Hassett of the American Enterprise Institute demonstrates that transit emits less pollution per passenger than the automobile, and if Americans used public transportation for only 10 percent of their daily travel needs, the United States could significantly reduce its dependence on foreign oil. But people cannot use what they do not have. Now is not the time to shrink transit investment.

Proposal Undermines Job Creation and Economic Benefits

Mr. Chairman, the Administration says it is focused on creating jobs and improving the economy, but its budget proposal fails to recognize the role public transportation can play in meeting these key goals. It is well known that increased investment in our Nation's transit and highway infrastructure will help the economy and produce jobs. The Department of Transportation has demonstrated that for every \$1 billion in Federal highway and transit investment, 47,500 jobs are created or sustained.

The jobs that investment in public transportation can create are high-paying, stable, and cannot be exported. The jobs created are not just those needed to operate new and expanded transit service, which are significant, but significant job creation also occurs in the private manufacturing sector, which supports and supplies the public transportation industry. For instance, transit buses are built in, among other places, Anniston, Alabama; Wichita, Kansas; Brownsville, Texas; Lamar, Colorado; St. Cloud, Minnesota; Hayward, California; Imlay City, Michigan; Pembina, North Dakota; and Oriskany, New York. Engines for those buses may be built in Detroit, Michigan or Columbus, Indiana. Spending on transit also benefits hundreds of other private sector companies around the United States that build rail cars, fareboxes, vehicle parts, and equipment or provide software, engineering, and construction services for the transit industry. According to a Cambridge Systematics, Inc. study, for every \$10 dollars spent on transit capital projects, \$30 dollars in business sales is generated. Every \$10 dollars invested in transit operations results in \$32 dollars in business sales.

Congestion Relief and Transportation Access

Mr. Chairman, public transportation serves another important economic purpose: Alleviating highway congestion. According to the Texas Transportation Institute's "2003 Urban Mobility Report," congestion costs \$69.5 billion annually—more than 3.6 billion hours of delay and 5.7 billion gallons of excess fuel consumed. The report finds that without public transportation there would be 1 billion more hours (30 percent) more delay. The average driver loses more than a week and a half of work (62 hours) each year sitting in gridlock. The average cost of congestion per peak road traveler is \$1,160 a year. Congestion holds up more than 64 percent of the Nation's freight that moves by truck on highways, which represents annual value to the economy of more than \$5 trillion. As Paul Weyrich and Bill Lind of the Free Congress Foundation demonstrate in their study, "How Transit Benefits People Who Do Not Ride It," public transportation, by alleviating congestion, brings real benefits not just to those who use it, but also to those who do not use it.

But public transportation does not just improve the economy by taking cars off the road—it provides transportation options to low-income workers who cannot afford to drive to work. According to the Surface Transportation Policy Project, the proportion of household expenditures devoted to transportation has grown from 14 percent in 1960 to almost 20 percent today. A recently published U.S. DOT Bureau of Transportation Statistics Issue Brief found that Americans who commute by car or truck spent about \$1,280 per year in 1999, while those who were able to use pub-

lic transportation to get to and from work spent just \$765 per year. Clearly public transportation provides real and needed savings for the many entry-level workers coming into the workforce who are so critical for the Nation's economy.

Demand for Public Transportation Service and Options

Last November, voters in several cities, including Denver, Houston, Grand Rapids, and Kansas City, approved by large margins new local taxes to provide new and expanded public transportation services. These were just a few of efforts across the country to increase funding for transportation infrastructure, and they follow successful actions in other cities over the past 5 years to expand transit service, including votes in Phoenix, Charlotte, Dallas, and Minneapolis.

That these referenda have been approved should come as no surprise. Polls have consistently shown that the American public not only supports increased public transportation services but also supports providing the resources to pay for it. A Wirthlin Worldwide poll taken for APTA showed that 80 percent of Americans surveyed see quality of life benefits from increased investment in public transportation; 76 percent support public funding for the expansion and improvement of public transportation; two-thirds support propublic transportation Congressional candidates; and a majority of Americans believe transportation investment is preferable to tax cuts to stimulate the economy. These findings hold true across areas of all sizes—urban, suburban, small town, and rural.

The Wirthlin Worldwide poll demonstrates that support for public transportation has increased dramatically not only in our biggest cities but also in smaller urban communities and rural areas as well, where 40 percent of America's rural residents have no access to public transportation, and another 28 percent have substandard access. It is estimated that rural America has 30 million nondrivers, including senior citizens, the disabled, and low-income families, all of whom need transportation options. According to a survey of APTA members, bus trips in areas with populations less than 100,000 increased from 323 million to 426 million in a recent 5-year span.

Further Mr. Chairman, the Administration budget fails to help transit meet the needs of the Nation's population of persons who choose not to, or cannot, drive because of age or a disability. For many in this population, public transportation may be the only option to living a fully independent and productive life. According to an AARP report for instance, 32 percent of people with disabilities over 65 report that inadequate transportation is a problem. The report states further that while public transportation is more economically efficient in areas with high population density, many older Americans with disabilities live "outside of central cities in communities where public transportation is found least often." This is becoming a growing problem, and it is clear that we need to begin to address the important transportation needs in these areas. The Administration's budget fails to recognize this need.

Transit and Homeland Security

Mr. Chairman, let me conclude with a brief summary of what we are doing regarding transit security. Transit systems around the country are working hard to make our service more secure for the millions and millions who use it every day. In testimony 2 days ago before the Senate Commerce, Science, and Transportation Committee, on the safety and security of passenger rail and public transportation systems, I highlighted \$6 billion in critical security needs the transit industry has identified as necessary to keep America's public transportation systems safe.

APTA's recent survey on public transportation security identified needs of at least \$5.2 billion in additional capital funding to maintain, modernize, and expand transit system security functions to meet increased security demands. More than \$800 million in increased operating costs for security personnel, training, technical support, and research and development have been identified, bringing transit security funding needs to a total of more than \$6 billion.

The Administration's Fiscal Year 2005 Budget for the Department of Homeland Security (DHS) does not request any specific line item funding for transit security. We think it should. To increase security, APTA is requesting that the President's Fiscal Year 2005 Budget request for the Department of Homeland Security be amended to include a specific line item for public transportation and that these funds be provided directly to transit systems so that additional security measures can be implemented in a timely manner. Mr. Chairman, we respectfully request your assistance and the assistance of this Committee in this regard.

Conclusion

In conclusion Mr. Chairman, the Administration's budget proposal to freeze funding for fiscal year 2005 has many shortcomings. It does not grow the Federal transit program. It would fail to continue the success of TEA-21 by changing the overall

structure of the Federal transit program that has served us so well. It fails to provide adequate resources to meet current capital needs, let alone improve or enhance service. In contrast, APTA recommends that Congress provide no less than the \$8.65 billion authorized under the Senate's SAFETEA bill for fiscal year 2005 as developed by this Committee. We applaud the Senate for passing this balanced and important legislation and we look forward to working with this Committee as it works with the House of Representatives to develop a strong 6-year authorization bill that addresses the Nation's need to preserve and improve the Nation's surface transportation system.

Mr. Chairman, that concludes my remarks. I would be pleased to try and answer any questions you or other Members of the Committee may have.

PREPARED STATEMENT OF DALE J. MARSICO

EXECUTIVE DIRECTOR, COMMUNITY TRANSPORTATION ASSOCIATION OF AMERICA

MARCH 25, 2004

Mr. Chairman and Members of the Committee, let me begin by expressing my appreciation to you, Mr. Chairman, for allowing me to be here today to discuss the fiscal year 2005 budget proposals for the Federal Transit Administration and how they relate to both our Nation's transportation needs and to the Senate's recently passed legislation, S. 1072.

The Community Transportation Association and its over 7,000 members represent transportation providers of every type, size, and location. Some of our members serve small rural communities, some have deep roots in the nonprofit and faith-based service sectors, some are large more traditional transit agencies, and some clearly characterize themselves as independent businesses. All of them—just like all Americans—have an important stake in how we finance America's transportation future.

In many ways our members reflect the changing nature of transit: One that recognizes that no one solution works for every community in a Nation as diverse as ours, and one where the traditional definitions of mass transit have been replaced by a new form of flexibility you recognized in both TEA-21 and in your recent legislation, S. 1072, as public transportation.

This diversity gives us strength as we seek additional innovation and investment to continue to meet the mobility challenges of the 21st century.

This hearing comes on the second anniversary of this Committee's first hearing to discuss the reauthorization of TEA-21, held in this very room in March 2002. To paraphrase the poet T. S. Eliot, we have returned to the place we started, and know many of the things we said then remain true and just as important today.

We knew then and we know now that Federal investment in public transportation is an investment that returns real dividends to the American people. For every dollar provided in transit spending and investment, transit returns \$8 to the American people. We also know that every dollar invested in transit creates jobs.

But there are other kinds of returns on investment that do not lend themselves to numbers or statistics. They are the real stories of individual success and achievement that we cite later in this testimony.

Our testimony supports what we knew then and know now that investments in public transit helped end welfare as we know it, that transit is a primary way that millions of our fellow Americans go to work every day and will be the primary way that Americans go back to work as part of any economic recovery.

We know that over the last 10 years public transit agencies and their services regardless of their locations are powerful tools that guarantee the independence of many of our older citizens and that strong transportation programs in rural areas allow America's seniors to maintain their mobility independence. Together with programs and services in urban and suburban communities, transit is the safe choice for all of our older Americans.

We know that investments in America's rural and small urban communities are as essential as transportation investments anywhere else. Because these investments have all the beneficial benefits in terms of employment and economic growth that transit provides in larger communities.

And we know that in times of great distress, whether it be what we lived through on September 11, or the role transit played last year during the major power disruptions, or assisting communities in natural disasters, transit was there doing what it always does in such times of uncertainty, moving people out of harm's way and literally offering shelter in the storm.

Despite our success, we are faced with the challenge of not just maintaining our current level of Federal investment, but we face the larger issue of finding greater resources that will allow transit and the communities it serves to move forward to address our critical unmet mobility needs in this new century. Therefore, we must respectfully disagree not just with proposals that reduce transit in current investment but those who would maintain transit in financial status quo. Make no mistake about it, freezing transit investment or holding transit to last year's funding level is a reduction in investment. Critical areas of transit in overall cost structures, like fuel and maintenance, safety and security, as well as capital improvements, are rising faster than the current rate of inflation.

Is the mediocrity of maintaining current conditions acceptable, given the need to motivate people to ride community and public transportation? Or, do we encourage a visionary approach that secures the introduction of substantial private-sector capital to be brought into the capital equipment investment formula an innovative way to solve the budget shortfall situation? Passage of substantive TEA-21 reauthorization law is the single most important element essential to persuading the private-sector to commit investment dollars within the context of innovative financing that is indeed necessary to meet the need for capital replacement so necessary in community and public transportation. The increased use of innovative financing is the only way to bring the Nation's bus fleet up to safety, accessibility, and quality standards.

Faced with the growing needs of our older citizens, as well as closing the continuing unmet needs of rural communities, making further inroads in the fight against congestion, or doing our share to improve air quality, these are all at risk without higher levels of investment.

Although our investments and success are greater than what they were, there is much more that needs to be done. There is still much unmet transit need, and demand for public and community transportation services outstrips supply. What follows are the real success stories of community and public transportation, the real successes.

Extending the Economic Benefit of Transit to Rural and Small-Urban Communities

In our estimation, the success of community and public transportation ought not to be measured in vehicle miles, unduplicated trips or even overall ridership totals, important though they are. No, the success of community and public transportation must be measured by its impact on the American people and on the local economy. The impact of public and community transportation is all about moving people to jobs, to school, to the doctor, to the mall, to social services, and anywhere else.

Our colleagues at the American Public Transportation Association have compiled many years' worth of statistical data that show the positive effects of public transportation in our Nation's cities and their surrounding suburbs. We commend them on this work, and stand with them in their findings. But, you may well wonder what value does public transportation have for that other half of our Nation's population, the residents of smaller cities and rural areas? To better assess the positive effect of transit in rural areas and smaller cities, we turn to the Transportation Research Board. The report, *Assessment of the Economic Impacts of Rural Public Transportation*, highlights that because of the guarantees that you and your colleagues helped assure for our Nation, many more small cities and rural areas were able to use to the connections made possible by transit to strengthen their communities.

Blacksburg, VA

Federal transit funding to this small, university-oriented city, the home of Virginia Polytechnic University, has yielded demonstrable benefits in reduced congestion and reduced demand for parking lots and garages both on campus and in the city of Blacksburg. Indeed, city and college officials have reported that it would cost the community twice as much simply to construct more automobile-oriented roads, lots, garages, and facilities than what is spent in combined Federal and local transit investments.

Hagerstown, MD

According to Washington County, MD, officials, 80 percent of the users of the county's transportation services do not own a car; these same people are riding the public transit system's vehicles to get to and from jobs on a reliable basis. The net impact on the county's economy, were these hundreds of predominately lower-income commuters forced to either purchase and operate automobiles, or leave their jobs and risk return to dependence on public assistance, has been estimated at a loss of \$2.4 million a year, which is a far greater cost than the county's annual transit budget of \$1.1 million.

Lee County, NC

This rural county's transit program began strictly as a means of providing basic mobility for the area's senior citizens and medically underserved populations. The system has grown mightily over the years, and now provides a full range of transportation services to link residents with work, job training, health care, and social services. Interestingly, one of the greatest economic benefits that this transit program brings is the spending power of the county's senior citizens. Thanks to the modest, but steady, Federal transportation investment in Lee County, every dollar spent by the transit program has yielded two dollars spent by senior citizens in local stores, restaurants, pharmacies, and other businesses. Prior to the creation of the transit program, these dollars were not being spent in the community.

Clarksdale, MS

The economy in this portion of the rural Mississippi Delta region has changed tremendously over the past decade, and the area's economic growth would have been severely limited without the local public transportation network. This region's transit program began as an offshoot of the local community health center, which needed to assure access to basic health care for the large numbers of low-income and no-income families in the area. More recently, this region has seen the sudden employment demands of newly constructed casinos, and the transit program has proven vital to getting these casinos the round-the-clock workforce they need. Public transportation cannot meet such demands for employers unless its resources are stable and its services reliable.

Pee Dee, SC

Health care is another realm in which public and community transportation, when it has a stable foundation, helps assure health and vitality for individuals and local economies. For a moment, imagine the alternatives: Individuals who must either drive themselves, even when ill or debilitated, to medical care, or who must use ambulances as an expensive alternative for reaching hospitals and physicians, or in the case of many seniors must otherwise contend with the choice of leaving their homes, and even leaving their home towns, to go spend weeks, months, years, or the remainder of their lives in nursing homes and institutional care. Public and community transportation frequently serves as that lifeline that connects people with critical services, such as renal dialysis. Its access to other health services also is a central consideration in helping seniors, persons with disabilities, and others remain in their homes as they continue leading lives in their own communities. The regional transit program in this largely rural portion of South Carolina is representative of so many such transit systems in its role as a transporter to doctors, dialysis, and health care facilities. Without the transit service, the annual costs of health care just in this one region of one State would increase \$5 million, a burden that largely would fall on other Federal and State programs such as Medicare and Medicaid, that can ill afford such costs.

Thanks to the stable, assured transit funding of TEA-21, we have seen similar economic and social benefits throughout the Nation over the past 5 years. Seniors and others in rural areas of South Dakota now are able to take public transportation to health services, stores, and other places they never before could access. Rural regions such as the Upper Cumberland area in Tennessee, the counties surrounding Charlottesville, VA, and countless other areas across the country now have 24-hour transit service, linking late night workers with their jobs. Such a notion would be unthinkable without the resources of TEA-21, and we are certain this reliability of transportation helped many communities, and many individuals, weather the most recent downturns in the economy.

Not only do we find economic progress in the traditional areas of transit funding, but we also find it in programs like the Job Access and Reverse Commute Program.

We find in the Job Access and Reverse Commute Program the same commitment to public transportation that one might expect in a Federally funded public transportation program, and also a unique commitment to individuals, helping them reach the first rung on the ladder of the American Dream. Community and public transportation were instrumental in helping to end welfare as we knew it. As part of this testimony, we have selected several communities, such as Chattanooga, TN, and Santa Clara County, CA, to spotlight specific success stories in helping Americans get to work.

Chattanooga, TN

The Chattanooga Area Regional Transportation Authority (CARTA) used multi-year Job Access and Reverse Commute Program funds to expand transit services that connect low-income people with jobs in both rural and urban parts of Hamilton

County, Tennessee. Hamilton County includes the city of Chattanooga and surrounding suburban communities rich with entry-level employment opportunities.

Through the Job Access Program, and funds from the Departments of Transportation, Human Services, and Labor, CARTA sought to fill gaps identified in a regional study on transportation needs, a study that incorporated many neighborhood meetings designed to get input from riders and potential riders in low-income areas. Job Access funds enabled the system to expand service on five fixed-route bus routes to improve the availability of transportation to residential neighborhoods. CARTA extended these neighborhood routes to operate up to 19 hours a day in order to accommodate those working earlier and later shifts and on Saturdays.

The regional provider also was able to improve transit service to employment corridors in suburban areas. As with the neighborhood routes this service operates 19 hours a day and provides frequent service: Every 10 minutes morning and afternoon peak, every 20 minutes mid-day, and every 30 minutes during evening hours. CARTA also used Job Access funds to purchase vehicles for a new vanpool service to be operated by Special Transit Services, a private nonprofit specialized provider. These funds were also used to acquire a new vehicle for Hamilton County Rural Transportation so it could add a flexible employment transportation route from a suburban residential area to jobs in a neighboring city.

CARTA also initiated a travel training program at a rehabilitation hospital so that people with disabilities could learn to ride on fixed-route buses, and implemented an integrated fare and transfer fare systems with the Hamilton County Rural Transportation Service, for service between the rural demand-response routes that link with CARTA fixed routes.

CARTA's Job Access expansions helped Aimee Nelligan, a mother of seven who had been on welfare for years, to gain employment in a commercial district that was previously inaccessible from her low-income public housing community. Prior to the change in routing, this 15-minute trip took over an hour, was not possible past 5 p.m. on weekdays or on Sundays. The trip is now available from 4:55 a.m. to 11:45 p.m. Mondays through Saturdays and from 11:30 a.m. to 7:45 p.m. on Sundays. Another CARTA rider, George Bryan, a father who works in a restaurant in a regional mall, is able to take a Dial-A-Ride Neighborhood Route with his children, see them dropped off in front of their elementary school, and then transfer to a Main Line route and continue on to his place of employment. CARTA's Neighborhood Routes were instituted after consultation with the system's riders, job training, human service, and employment agencies during the Job Access planning process. At least three other sets of parents and children have ridden to work and school together during the 3 years this route has been in existence.

As a result of Job Access-funded expansions, CARTA created 64 added stops within a half-mile of employment sites with the two new routes, and 271 new stops within a half-mile of employment sites during times not previously served that is, late night and evening. The regional transit agency was also able to reach more than 2,000 employers and 20,000 entry-level jobs, add 1,400 new stops within a half-mile of residences of welfare recipients, and reach 65 child care facilities with capacity for 2,200 children within a half-mile of new stops.

Overall, ridership on expanded routes has increased 15 percent since the Job Access projects began in 1999. CARTA services now reach 67 percent of Hamilton County's welfare recipients and their families who are within a half-mile of CARTA services. The system has provided more than 12,000 fixed route trips on five new and expanded routes and more than 7,000 child care demand-response trips.

Southeast Missouri

The Workforce Investment Board of Southeast Missouri is using funds from the Job Access and Reverse Commute Program along with a match of U.S. Department of Labor Welfare-to-Work dollars to provide transportation services in Southeastern Missouri. This service area covers seven of the most impoverished counties in the State, and most are very rural.

The Missouri Bootheel Transportation Program, as the project is called, creates an opportunity for residents to go to work at sites they normally would not be able to access. Some of these job sites are located out of State in northwestern Tennessee and northeastern Arkansas, where the job market is richer.

Workforce Investment Board staff works with area transportation providers to set up routes to select employment sites. Workforce staff targets employment opportunities for clients that meet strict criteria: Jobs are in the \$8.00 per hour range, workers receive benefits, and working conditions are safe. Staff assists their clients in obtaining positions and guarantee them a way to reach these targeted job sites. The Workforce Investment Board contracts to provide transportation services with county and regional rural transit providers and one private operator. The transit pro-

viders carry individuals from central locations convenient to their homes, such as public housing community buildings and churches, to employment sites.

The Workforce Investment Board and the Missouri Department of Social Services supports half of the operating budget with Federal Welfare-to-Work funds and TANF funds, respectively. The JARC grant covers the balance of the operating budget. In addition, the contracted transportation provider uses vehicles made available under the rural transportation program.

On the first day of work at Proctor and Gamble, one rider describes his experience: "The bus picked me up down the road from my home. This was very convenient for me. Knowing that the bus would be there every morning to pick me up gave me the will to get up and get dressed to go to work. They expected me to be there. I would feel guilty if they came to pick me up and I did not go. I enjoyed the encouragement I got from others on the bus on the way to work and after a hard day's work. They knew exactly what I was going though because they were going though the same thing. My family gained respect for me and supported me too. It is nice knowing there are people behind you. I would love to see other projects like this one so that others can be helped the way I have been. There are lots of people in rural areas who have not worked before, and just receive assistance from the State because the job opportunities are not good where they live. Not only has the transportation helped us financially, but it has also helped my self-esteem 100 percent. My dream is to one day be their bus driver; maybe give back a little of what was restored in me, HOPE!" Bootheel staff undertook an intensive outreach program to find the riders for the transportation services. This outreach program has been compared to a grassroots voter registration drive in that job developers and other partners set up outreach booths in public housing communities, church basements, and anywhere else where the targeted populations spend their time. This outreach allowed individuals without transportation to come in and apply for jobs and register for transportation services.

Staff also market the program, its services and successes within the community-at-large, communicating that this program is taking people to locations they could not otherwise have gone and that it is creating a new opportunity for job development and economic development. With Job Access funds, Missouri Bootheel has been able to provide rides to over 700 individuals in the past year. It has allowed individuals who have never worked to go to work and go off of public assistance. Currently, about 160 people a day are riding the vans, taking workers to approximately 10 employee sites.

Bootheel's project manager has attested to the Job Access program's success: "Many long-term welfare recipients have become company people with benefits, vacation, and an income to support their family. People who had very little hope for the future now have an opportunity to work because of transportation." The Bootheel transportation program also benefits other members of the community. For instance, area rural transit providers have increased the number of riders on their services due to the contracts with the Southeast Missouri Workforce Investment Board. Additionally, the transportation program has given employers an opportunity to tap into a new job market that was not previously available to them. Since the transportation service brings new employees from other counties and other States, employers have found a new and valuable labor resource. For example, the Tyson poultry plant currently employs approximately 80 of Bootheel Transportation's participant riders and continually gives the Workforce Investment Board orders for new positions. Finally, with more families earning steady incomes, the Bootheel transportation program has also benefited the local economy. Another success of the Bootheel project has been tackling a challenge that comes with the territory of workforce development: Job retention. Bootheel staff and employers created techniques to help employees who were riding the vans stay in their jobs. Among the techniques include: Free bus pass vouchers, stipends, raffles, and leadership trainings.

Santa Clara County, CA

Santa Clara County, California, home to Silicon Valley high-tech, manufacturing, construction, trade and service industries, offers a range of employment, training and educational opportunities to welfare recipients and other low-income people. However, these opportunities are just out of grasp for those who cannot access them. While there are a myriad of transportation options available in the Silicon Valley a countywide bus and light-rail system, intercity and commuter trains, a host of shuttle services, and connections to out-of-county transportation their routes and schedules do not always match the mobility needs of low-income workers. A Santa Clara public/private partnership responded to this transportation gap when it formed the Guaranteed Ride Program (GRP). GRP offers CalWORKs (California's Temporary Assistance for Needy Families program) participants and other low-in-

come individuals a short-term transportation service should they need a back-up ride. GRP is a temporary, transitional service that provides participants with up to 60 rides to work-related destinations, including childcare and school. Job Access and Reverse Commute funds support this service, along with CalWORKs funds from the county Department of Social Services. GRP provides its door-to-door service 24 hours a day, 7 days a week.

Many of the nearly 2,500 enrolled Guaranteed Ride Program participants have used the service to leave work to pick up a sick child, get home after working beyond the operating hours of area transportation services, access a job interview or training site, or reach a job when one's car is disabled. Since its inception, GRP has provided more than 60,000 trips to CalWORKs participants and other low-income riders.

OUTREACH, a private nonprofit that provides outreach and support to Santa Clara County senior citizens and people with disabilities, operates the Guaranteed Ride Program. As the community-based transportation broker for the Santa Clara Valley Transportation Authority, OUTREACH takes advantage of its expertise in the transportation field, particularly serving people with disabilities, and the technology it routinely uses to schedule trips, track vehicle locations, and map travel patterns and needs. Peggy was already a passenger on OUTREACH's ADA service when she enrolled in the Job Access-sponsored Guaranteed Ride Program. She used the program for free rides to employment training and job interviews, saving the monthly transportation assistance from the county for ADA service. Peggy now has a part-time job and continues to look for additional employment. She feels that the program served her needs very well, and in her words, this helped, "make an incredible difference for people who have no other options." Another rider enrolled in the Guaranteed Ride Program while attending a local community college. Like all GRP clients, she is able to take her children to school and childcare on her way to college. Taking advantage of this program simplified transportation for her family while she completes her education.

As part of the Guaranteed Ride Program, OUTREACH staff provides individualized transportation planning service, promoting job access, retention and self-sufficiency through one-on-one management of client mobility needs. County social service and workforce development staff participate in ongoing training to understand the various transportation options available, including GRP, and how to help clients learn about and obtain long-term transportation solutions. Multilingual transportation resource guides are available to CalWORKs participants and agencies, and transportation resource centers have been established in four of Santa Clara County's one-stop centers. "Simply stated," adds OUTREACH Chief Executive Officer Kathryn Heatley, "The Guaranteed Ride Program expands effective existing resources to reduce transportation barriers and increase accessibility for CalWORKs participants."

Allegan County, MI

Lack of public transit prevented many residents of Allegan County, Michigan, a large rural area bordering Lake Michigan, from securing jobs, and subsequently, prolonged their reliance on welfare and other government services. The transit service created in 2000, however, provided new connections. With investment from the Job Access and Reverse Commute grant program, Allegan County is now meeting employment transportation needs with benefits that have reached many of the county's low-income, including employees with disabilities.

The new service funded with Job Access dollars, matching funds from the Michigan Department of Transportation and Family Independence Agency, and operating dollars from a fee-for-service contract with the Allegan County Community Mental Health and Work First offers transportation to jobs and other destinations Monday through Friday from 5 a.m. until midnight. Allegan County Transportation rolled out its Job Access operating with two vehicles donated by the Community Mental Health and Allegan County Resource Development Committee. Currently, the system runs six vehicles, four of which are lift-equipped. While the service is demand responsive, Allegan County Transportation offers subscription service for regular commuters, and will deviate out of its service area on request. In addition, drivers will pick up passengers who flag down the bus at stores and other locations.

Shannon is one beneficiary of the new Job Access-funded Allegan County Transportation service. Shannon gave up her driver's license when her epilepsy started to impair her driving abilities. As a respite from walking to and from work, she began taking Allegan Transportation. She learned about the service from her mother and her Family Independence Agency caseworker. Prior to the service, Shannon would walk to and from her job in all weather conditions and in the early morning darkness. After being followed by an unknown man one day at 4 a.m., Shannon

began taking rides to work from her co-workers. Today, Shannon's new husband drives her to work and the Allegan bus takes her home after a stop at day care to pick up her child. Shannon says her job provides her with steady employment and keeps her busy.

Over the past year, Allegan County Transportation has carried an average of 1,200 passengers a month. Sixty-five percent of these riders are people with disabilities, most using the service to reach jobs both in and out of the county. These employment destinations are largely in the service industry at hotels, restaurants, stores, gas stations, and other locations.

Rhode Island

The Rhode Island Public Transit Authority (RIPTA) has started an employment transportation service for people with disabilities using Job Access and Reverse Commute funds from the Federal Transit Administration. RIPTA has implemented five flexible service demonstration programs in Rhode Island's low-density suburban and rural communities that provide disabled individuals with a reliable zoned-based system. Called Flex Service, this program takes riders to work and other destinations in their community. Passengers can also travel outside their communities using Flex Service, then transferring to RIPTA's specialized service.

The need for Flex Service became apparent when a statewide survey revealed the unmet work-related transportation needs of Rhode Island residents with disabilities. The results showed that 20 percent of the respondents lived in the five suburban and rural areas of Woonsocket, Coventry, West Warwick, Narragansett, or Westerly; 81 percent of those people found reliable transportation an obstacle to accepting a job. For these people, transportation services are key to employment and self-sufficiency.

Maria, who is visually impaired, has been using RIPTA's Job Access-funded Flex Service to get to work for about a year. Flex Service picks her up in front of her house and brings her to work at two different nursing homes. Her hours and work location vary each day of the week, but a standing reservation with RIPTA meets the mobility needs of a variable work schedule. Without the service, her husband would have to drive her to work. Because their work hours do not match, Maria would not have the flexibility her position currently requires. When asked about Flex Service, Maria reported, "The new system is great! It costs less and the door-to-door service is wonderful. Thanks to all who made it possible."

As a wheelchair user, Martin qualifies for ADA complementary transit service. His job as a customer service representative, however, is located a mile outside of the $\frac{3}{4}$ -mile service corridor. The situation forced Martin to take a taxi from the edge of the corridor to work. Not only expensive, but also taxis in the area were not wheelchair accessible, and the trip was so short that he was having difficulty getting the taxi companies to provide the trip each day on a timely basis. He began using Flex Service the day the service started, and, in combination with a ADA bus, has been using it to get to work each day for 14 months.

RIPTA is providing 160 trips per month to people with disabilities, who use Flex Service to get to work and other destinations such as shopping at the local mall. Passengers take transportation from any one of the five Flex Service locations and transfer to RIPTA's paratransit service to go to the Amtrak station in Providence.

Voices from the Community

As mentioned earlier in this testimony, there are unique connections to individuals that we do not usually find in Federally supported transportation programs. We were able to gather information from some of these individuals to better articulate the different kinds of economic impact that these services make.

"People Who are Ill Need Transportation"

Dorothy Bougie is 73 years old, and lives in rural Alfred, Maine. Her home, in which she has lived for the past 50 years, is somewhat isolated in the southern-most part of the State, about 40 miles southwest of Portland.

Three times a week, Dorothy heads to Sanford for dialysis. She has been a dialysis patient for 3 years now. Up until recently, Dorothy still drove anywhere she needed to go, including to her dialysis treatments. But then she had an accident, totaling the car. She bought a new car, and then had another accident, totaling another car.

"I got a lecture from my son when I had the second accident," says Dorothy. "He made me feel like a highway menace. But I did think that, perhaps, it was a sign that I should not be driving. Problem was, there was no other way to go."

Dorothy does not qualify for Medicaid, as her income puts her just over the limit. With her husband's pension from General Electric and Social Security, her modest

income makes her ineligible for Medicaid, which she's come to learn is a distinct disadvantage.

"The people who make the rules in Washington—and in Maine—they should focus on the need and not the income guidelines," says Dorothy. "People who are ill need some transportation if they need it."

Thankfully for Dorothy, just when she could not figure how to get around anymore, she found a solution. She had begun to really hate having to ask neighbors and friends for rides, most of whom are as old as she and experiencing their own medical challenges. What is more, her two sons live too far away in New Hampshire and Connecticut, and there was no church service to provide the service.

Enter the York County Community Action Agency in nearby Sanford, riding to the rescue offering a regular trip to dialysis.

"The service is great and I was getting desperate. You know, the only good thing about dialysis is that if you ever decide that you just cannot deal with getting there anymore, you have only got 5 days before you lapse into a coma," says Dorothy.

But more than anything else, Dorothy has grown to learn just as critical mobility is to both her independence and quality of life.

"Living in my home is important to me," says Dorothy. "It is peaceful and quiet and the idea of moving into one of those. . . facilities where everyone just sits around and complains, well, it is not for me."

"How to Get Around?"

The car wreck was enough. James Mearnf, 69, of Clarksburg, WV (in the central part of the State) recalls. "I could not feel the brake pedal, and I did not want to kill anyone."

So he stopped driving 2 years ago. But that raised another quandary: How to get around? And for James, it was a matter of life and death because he is diabetic and has been receiving dialysis treatments at the local dialysis clinic about 15 minutes from his house.

His wife does not drive, and they both rely on Central West Virginia Transit Authority (CWVTA) for much of their transportation needs.

"You cannot beat it," says the former Sports Editor of the Clarksburg Exponent who also spent 30 years as a social studies teacher. "I would seen the vehicles around town for years but never really knew what they were doing. Now I rely upon them."

Besides allowing James to access life-sustaining dialysis treatment, the transit authority allows him and his wife to get just about anywhere they need to in the county.

"People who have readily available transportation take it for granted. But you like to get out a little bit," says James. He also adds that community transportation services have helped him and his wife remain in the house they have lived in for the past 36 years, which to him is crucial.

James acknowledges that they are fortunate to have such services available at a reasonable cost. "It is a really great help to our overall quality of my life. Without it, I could not take part in anything at all."

"You Have No Choice"

"After four hours hooked up to that machine, you are pretty weak," says Norman Naimey, 72, of Cape Elizabeth, Maine, about his thrice-weekly dialysis treatments in nearby Portland. "I used to drive, but it just got to be too much."

Norman knows that it is hard for most people to understand what it means to be dependent upon dialysis to stay alive. The four-hour treatments leave him weak-legged and terribly chilled. But he knows that literally he has no choice.

Today, Norman relies on Portland's Regional Transportation Program to get to his dialysis. It is an agency for which he has much admiration.

"I really depend on the Regional Transportation Program; it helps my wife and me remain independent and it is helping to keep me alive," he says.

"When you go on dialysis, you pretty much go on for life. And you go three times a week, period. You cannot put it off. You cannot postpone it. You have no choice," says Norman.

What the local transit program does three times a week, according to Norman, is save his life and help maintain his independence.

"I do not have to worry about transit at all now. They get me there and back," says Norman. "I would like to see the system get some newer vehicles. The small bus I rode yesterday had 175,000 miles on it."

"I Don't Know What We would Do"

Eloise and Donald Beuhring live in Huntington, WV, not far from the Kentucky and Ohio borders. Married since 1945, the couple had retired to Florida, but returned to West Virginia to be closer to family and the help they could provide.

Eloise, 79, has been on dialysis since December 1997. "I used to drive her myself, but I cannot do that anymore," says Donald, an 82-year-old former postal worker and WWII veteran. Physically, Donald can no longer manage to transport Eloise, who requires the use of a wheelchair. They now rely on the Wayne County Transportation Authority to access the treatments that keep her alive.

Unlike Medicaid, which the Beuhrings are not eligible for, Medicare does not cover the cost of transportation to and from dialysis treatment. If it were not for the services provided by Wayne County, Donald says he and Eloise would have few options.

"I do not know what we would do. We would have to get help from somebody." Their daughter works full time, but still makes time to help out with sorting their bills, do Eloise's hair and "get her all prettied up," according to Donald. But she would not be able to take the time off from work to drive Eloise to dialysis three times per week even if she had the physical ability, and Donald says the couple would not feel good about having to rely on neighbors.

Donald is grateful for the service provided for his wife by Wayne County Transit Authority. "They do it very well; there is nothing they could really do to improve. They do it very well."

"I would Rather Be Home"

"I would rather be home, here with my wife and family," says Benjamin Leighton of Windham, Maine. "Going into one of those senior homes just is not for me."

But it seemed that remaining independent and in his own home was increasingly not realistic for Benjamin. Already reliant on portable oxygen, last August he was placed on dialysis treatments three times a week. At first, his wife drove him, but she soon underwent surgery on her arm that made driving unbearable. Thankfully, a nurse and a social worker had both spoken to Benjamin about transportation through Portland's Regional Transportation Program.

"Thankfully, I knew about the transportation, so they were able to set me up with a volunteer driver in his own car, who takes me and another gentleman from Yarmouth down to Portland for treatments," says Benjamin. "He is an 80-year old former World War II fighter pilot in amazingly good health." All told, the trip is 45 minutes, one-way.

"Some people I know are able to drive after dialysis, but I really do not know how they do it," says Benjamin. "I am right dead after it."

For Benjamin, the only problem he has had with his transportation is that the ride down to Portland often aggravates his bad back, and then he has to sit in the chair for dialysis for four-to-five hours. But he is hesitant to complain too loudly.

"Hey, I cannot complain because I had no other way to get there and their trip is much better than nothing," he says.

"It is Saving My Life"

When told that some areas of the country do not have the kind of community transportation she relies on to get to her dialysis treatments, Sylvia Thompson's reply was simple: "Tell them to get it. It is saving my life."

Sylvia, like many dialysis patients, suffers from diabetes and has not been able to drive for over 2 years. She cannot get into or out of the car and receives door through door transportation from the Wayne County (WV) Transit Authority.

Three times per week she makes the nearly 80 mile roundtrip to the dialysis clinic for the three-to-four-hour treatments that remove toxins from her blood and keep her alive. The treatments, however, take a toll.

"By the time it is done, I am ready for bed," says Sylvia. She has been doing this for the past year.

Sylvia is 72 and has lived in her current home with her husband Clifford for the past 22 years. She recently became eligible for Medicaid and it covers the cost of her dialysis transportation, which Medicare did not.

"The van service is wonderful," says Sylvia. "The drivers are excellent. They come no matter what the weather. . . I could not be treated any better."

Sylvia also notes that "a lot of people rely on Wayne Co. Transit for cancer treatment and things like that." She says, "I do not know what would have happened if they were not there."

"Transit is Something Great"

Randall Pierce lives 10 minutes from the dialysis center that he must visit three times per week, but since he can no longer drive, the distance might as well be 1,000 miles.

He lives with his wife in Clarksburg, WV. A former heavy equipment operator, Randall is paraplegic and has been on dialysis for a year and a half. He had to stop driving his own lift-equipped van last year because of medical complications exacerbated by driving, and his wife tried driving him to his treatments—but that interfered with her job. The Central West Virginia Transit Authority (CWVTA) now helps Randall access dialysis.

The transit authority also allows Randall to go other places when his wife is not available to drive him. "It is county-wide transportation," he says. "They have many lift-equipped vehicles."

To Randall, and others with similar needs, community transportation is "Something great. Especially in the more rural counties."

An Avoidable Tragedy

Our final story is too real. A veteran of the Korean War, a decorated sailor who reached the rank of Ship's Serviceman, Third Class, recently died in Shelburne Falls, MA. He was 68 years old, and he was ill—his kidneys were failing and he needed dialysis treatments three times a week.

"He'd still be alive today if he had adequate transportation," says Leo Parent, director of Veterans Services with the Central Franklin County (MA) District in Turners Falls.

This gentleman—whose name we will not use out of respect for his privacy—lived too far outside the service area of any public or community transit systems and did not qualify for Medicaid.

The veteran used to drive himself the 10 miles, one-way, to his dialysis appointments on Tuesdays, Thursdays, and Saturdays. This much we know, because it was the local police department that first notified the local Veterans Administration that some alternate form of transportation was necessary. According to the police, he was simply too weak to safely drive home from his four-hour dialysis sessions. A home health care worker agreed, noting that the veteran was at-risk for automobile accidents and falls. They were forced to take away his driver's license.

"Now, I cannot go anywhere, I am stuck in this house," says Parent, recalling the gentleman's reaction to having his driving privileges revoked.

The VA contracted with a driver to take him into Greenfield, MA, and for a little while all seemed well. But officials with the VA did not realize that she, too, was ill and uncomfortable driving in the snow and ice that is inevitable in Western Massachusetts in the winter. Sometimes, when she could not take him, Parent himself would actually go and get the veteran and take him to dialysis.

"He did not want to call and be an inconvenience," recalls Parent.

Tragically, the volunteer driver died of her illness, and the veteran was stranded once again, this time with dire results. Parent estimates he missed 2-to-3 weeks of treatments before the VA could contract with a local taxi company to reinstate the life-saving transportation services.

He died, not long after, from complications that most assuredly arose from his missing dialysis. He died for a lack of transportation.

"If our vets do not drive, then it is a serious transportation problem, particularly in the rural areas of Western Massachusetts," says George Ponte of the Veterans Administration office in Northampton, MA. "We need to find the resources to make sure this does not happen again."

Dialysis patients are not the only ones in dire need of transportation. The recent health care trend of increasing outpatient services, coupled with the overall aging of the American population, make for a serious disconnect. How to get people to continuing and life-saving care they need? Public and community transportation are the only answer.

There is a price for progress and there is a bottom line for transit investment. Your number, the numbers in S. 1072, represent our bottom line for assuring transit is robust ability to respond to our Nation's needs.

According to the research firm Cambridge Systematics, "Every \$1 billion invested in public transit capital projects generates 30,000 jobs, and the same amount invested in public transit operations generates 60,000 jobs. The return on investment could be as high as 9 to 1" (source: APTA, "The Economic Importance of Public Transit," November 2003). Another APTA paper, "The Benefits of Public Transportation: Essential Support for a Strong Economy," cites similar work by Cambridge Systematics, with local economic benefits ranging up to \$6 billion in benefits for every \$1 billion invested.

In the fiscal year 2005 budget request, President Bush, Secretary Mineta, and Administrator Dorn are requesting that Federal Transit Administration programs be funded at \$7.3 billion for a third consecutive year. During this same period, inflation is averaging 2.0 percent a year, and the passenger Transportation Services Index, as reported by the Bureau of Transportation Statistics, has been slipping at an annualized rate of 3.5 percent per year. Keeping the transit program on frozen ground, as the Administration proposes to do, will only lead to further degradation of our Nation's public transportation infrastructure and will erode the transit ridership gains that we, APTA and FTA all were so proud to share with the Banking Committee in our past years' testimonies.

We know it is common to attack S. 1072 and legislation that seeks to close the gap between our needs both to maintain and expand transit investment by calling these efforts as pork barrel spending, budget busters, extravagant, or unnecessary.

These attacks ignore the information gathering of the last 2 years that started when this Committee took its first reauthorization testimony, and it ignores the information contained in the Administration's own Conditions and Performance Report, all of which tell us that we must invest, or else we settle for the degradation of the existing infrastructure that continues to serve the American people.

At current dollars, the Administration's Conditions and Performance Report estimates it would take a total of \$89 billion over 6 years simply to maintain the current public transportation infrastructure, or \$124 billion to improve the Nation's transit infrastructure in ways that address its present demands. If the Federal Government's share of these investments were to continue at 80 percent of project expenses, the Administration's numbers suggest that a 6-year authorization bill's totals for FTA programs should be between \$71.0 and \$98.9 billion.

That is why S. 1072 and its proposed investment are so important. We need the level of investment in the Senate bill to increase public transit access for America's rural communities. We need the level of investment in the Senate bill to expand transit's capacity to help our senior citizens and help them cope with the continuing use of outpatient medicine for their health care. We need the level of investment in the Senate bill to help Americans return to full employment. We need the level of investment in the Senate bill to reduce congestion and make going to work faster and more efficient for all Americans. We need the level of investment in the Senate bill as an incentive to encourage State and local governments to do their share in making their commitment to transit is future. We need the guarantees for investment that are found in your bill to give us the same kind of success we have seen from the guarantees Congress provided in TEA-21 which are highlighted above in this testimony. And we need the investments in S. 1072 to maintain the capacity of transit that we continue to require in light of the uncertain implications caused by natural and unnatural disasters. TEA-21 is recognized today as a great success in transit and in highways. Your bill builds on this success.

We know that inevitably there will be a bill passed in the House of Representatives that will require conferring with the work of the Senate. We hope that your representatives will continue to uphold the important elements of S. 1072 as those efforts are joined.

Finally, Mr. Chairman, in light of the recent events that have occurred since S. 1072 was passed, we hope that in that conference both the Senate and the House might consider improving transit's capacity to further respond to a natural disaster or a major terrorist attack.

Part of this improvement should include the establishment of National Reserve Fleet of transit vehicles and rail cars, stockpiled for use in local communities should the need arise.

This fleet, kept in a fully operational standby status would be able to respond to emergencies as needed. We also believe that some indigenous fueling capacity for this fleet should be developed, as well as a stockpile of common transit fuels provided for not just its use, but for transit's general use in an emergency. In light of the New York experience, we also think that a standby reserve of ferry boats for use in emergencies should also be given full consideration. And, we believe that this fleet should be created in addition to and not at the expenses of the program you envisioned in S. 1072.

I want to close by thanking you for your leadership, your recognition of transit's role and potential for our country but most of all for making S. 1072 the right first piece of transportation legislation to be passed by either House of Congress in the 21st century.

PREPARED STATEMENT OF TIMOTHY MARTIN

CHAIRMAN, STANDING COMMITTEE ON PUBLIC TRANSPORTATION OF THE
AMERICAN ASSOCIATION OF THE STATE HIGHWAY AND TRANSPORTATION OFFICIALS
SECRETARY, ILLINOIS DEPARTMENT OF TRANSPORTATION

MARCH 25, 2004

Mr. Chairman my name is Timothy Martin, and I am the Secretary of Transportation for the State of Illinois. I am also Chairman of the Public Transportation Committee of the American Association of State Highway and Transportation Officials. First, on behalf of AASHTO and its members, let me sincerely thank you and the Members of the Committee for your leadership in developing and obtaining Senate passage of S. 1072, which will reauthorize highway, transit and related funding for the next 6 years. AASHTO is on record with its partner organizations as saying that the TEA-21 reauthorization legislation should be funded at a minimum at the levels approved by the Senate.

Transit is a critical component of a balanced intermodal transportation system. It helps to provide:

- Access to jobs and economic activities;
- Mobility for the young, elderly, and disabled;
- Reductions in traffic congestion and enhanced efficiency of highway transportation;
- Fuel conservation and improved air quality, and support for security; and emergency preparedness activities.

At AASHTO, we look forward to working with you in seeking approval of multiyear authorization legislation for the surface transportation programs. While supporting increased transit funding, we also believe that the transit program provisions of TEA-21 are working well and should be continued. The investment in transit over the past 6 years using TEA-21 has paid off with a 22 percent increase in ridership, and the highest level of passenger trips in 40 years. Continued ridership growth at these levels would increase passenger trips approximately 3.5 percent annually, or a 100 percent increase over the next two decades.

Mr. Chairman, AASHTO has significant concerns with the funding levels in the Administration's Fiscal Year 2005 Budget proposal for transit. The Administration's Budget proposal would basically freeze transit funding at the fiscal year 2004 level of \$7.3 billion, of which nearly \$6 billion would come from the Trust Fund and \$1.3 billion would come from the General Fund. The Administration's proposed funding level for transit falls substantially short of the needs documented in DOT's most recent Conditions and Performance Report which indicates that an annual investment of over \$20 billion is needed for transit.

This need for increased transit funding has been documented in AASHTO's Bottom Line report as well, which identifies the need for an annual transit capital investment level of \$19 billion over the next 6 years just to maintain the physical condition and service performance of the Nation's transit systems. An additional capital investment of \$44 billion per year is needed over the same time period to improve the physical condition and service performance of the Nation's transit systems, assuring that ridership continues to grow.

In my home State of Illinois, the Administration's flat funding level for transit would *seriously compromise* the progress Illinois has made to expand much-needed transit service in both rural and urban parts of the State. Through TEA-21's increased operating funding, Illinois was able to provide *rural* transit service to 13 additional counties. However, 37 counties of the State's 102 still do not have transit service. TEA-21's capital funding in combination with Illinois's own infrastructure funding program, Illinois FIRST, was able to initiate *five* major New Start projects that will help address growing congestion in the Chicagoland area. However, the region has growing unmet transit markets such as reverse commuting and suburb-to-suburb demand, both of which could be addressed with projects that are ready to go *right now* with an increased Federal transit program. In addition, these construction projects alone will create over 57,000 *new jobs* to spur the local and national economy.

Mr. Chairman, AASHTO is also concerned that the Administration's SAFETEA proposal, while "guaranteeing" funds from the Mass Transit Account of the Highway Trust Fund, contains no similar guarantee for the General Fund component of transit funding. States and transit agencies need stable, predictable funding in order to construct major transit projects. The TEA-21 legislation provides and Senate bill S. 1072 continues guaranteed funding for transit from both the Trust Fund and the

General Fund. *It is critical that both Highway Trust Fund and General Funds for transit are guaranteed in the TEA-21 reauthorization.*

The Administration's SAFETEA proposal calls for a reduction of the Federal funding share for New Starts projects from 80 percent to 50 percent. In order for State and local officials to make balanced decisions between highway and transit projects, AASHTO believes the Federal share of 80 percent should be retained for both highway and transit projects.

AASHTO commends the Administration for its concern with maintaining the solvency of the Mass Transit Account, but does not support its proposed program restructuring. SAFETEA proposes that New Starts be funded at an 80 percent level with General Funds, rather than through the Highway Trust Fund. Since SAFETEA does not guarantee General Funds for transit, New Starts would be vulnerable to funding reductions or elimination during the annual appropriations process. Also, under SAFETEA, bus discretionary funding would be eliminated and the Rail Modernization program would be shifted to the formula program. Other alternatives exist to remedy budget scoring problems that have prompted these proposals and we would be glad to work with the Committee and your staff to find solutions.

AASHTO supports giving the States flexibility to fund some security activities using Highway Trust Funds. However, given the magnitude of transportation needs, some transportation related national security activities and capital needs such as emergency response coordination and communications equipment should be funded through Homeland Security programs.

AASHTO's Bottom Line report documents the need to double Federal rural transit assistance from current levels. For many rural regions, transit access can mean the difference between isolation and inclusion. Rural transit provides residents of these areas service to jobs, to medical facilities, and to community activities. As the Nation's elderly population increases in the coming years, more transit service will be needed for citizens in rural areas, particularly when they are no longer able to operate an automobile.

In summary, the Administration's proposed flat line funding for transit in fiscal year 2005 at \$7.3 billion simply would not provide the level of investment needed to address job access, elderly transportation needs, improved transit to reduce traffic congestion and pollutants in the air. The higher level of fiscal year 2005 funding in the Senate bill, \$8.65 billion, will provide more resources to deal with these issues as well as provide investment in our economy and job growth. The American Public Transportation Association estimates that every \$1 billion invested in public transportation creates 47,500 jobs. At that rate, the Senate proposal would create 60,000 more jobs than the Administration in fiscal year 2005 alone.

We look forward to working with you toward passage of legislation that funds the highway and transit programs at the levels provided in S. 1072.

Thank you, Mr. Chairman, for the opportunity to testify. I would be glad to respond to your questions.

PREPARED STATEMENT OF ROLF TH. LUNDBERG, JR.

SENIOR VICE PRESIDENT, CONGRESSIONAL AND PUBLIC AFFAIRS

U.S. DEPARTMENT OF COMMERCE

MARCH 25, 2004

Mr. Chairman, Ranking Member Sarbanes, Members of the Committee, thank you for allowing me to appear before you today to discuss the importance of transit in our Nation's rural and urban areas. I am Rolf Lundberg, Senior Vice President for Congressional and Public Affairs at the U.S. Chamber of Commerce. I appear before the Committee on behalf of the U.S. Chamber of Commerce, the world's largest business federation representing more than three million companies and organizations of every size, sector, and region. My testimony will address the Administration's proposed Fiscal Year 2005 Budget for public transportation and the importance of a national, seamless transportation network that meets the mobility needs of moving people in urban and rural areas.

The Administration's Fiscal Year 2005 Budget for Public Transportation

The U.S. Chamber is disappointed that the Bush Administration's proposed Fiscal Year 2005 Budget freezes transit investment at last year's level. For the Nation, the importance of investment in our Nation's public transportation system is critical to our future economic growth, international competitiveness, quality of life, and national security. Public transportation funding is a proven investment that creates

jobs and generates economic growth. For every billion dollars invested in transportation infrastructure, 47,500 jobs are created and businesses experience a \$3 billion gain in sales. We applaud the Committee for your hard work to significantly increase investment in public transportation in the transit title of S. 1072, the highway and transit reauthorization bill. With critical TEA-21 set to expire April 30 and infrastructure requirements continuing to mount, now is not the time to flat line investment in our public transportation system!

Importance of Public Transportation Infrastructure

Public transportation is taking on an increasingly important role in America's multimodal transportation network. Americans used public transportation a record 9.5 billion times in 2001, and transit ridership has grown 23 percent since 1995. This represents the highest level in more than 40 years. Over the last 6 years, transit use has grown faster than population growth. Fourteen million Americans use public transportation every day and 25 million people use transit on a regular basis. Supplementing commuter rail, the passenger and intercity bus industry serves more than 4,000 communities directly with scheduled service.

These ridership gains are directly attributable to the significant Federal investments in public transportation. Right now 3 out of 4 Americans do not have access to satisfactory public transportation services. In 2001, each American traveling during peak periods wasted on average 60 hours a year—nearly eight full working days—in traffic congestion. Also in that same year, congestion cost America nearly \$70 billion in wasted time and fuel. Without public transportation services, congestion would have increased by 30 percent. American communities nationwide are reaping enormous economic benefits from affordable, modern public transportation through increased property value and more tax revenue.

Across America, investment in public transportation is paying off. Transportation accounts for approximately 17 percent of our gross domestic product, and for American families transportation represents 18 percent of household spending, the second largest household expenditure after housing. Without the option of providing strong investment in public transportation to State and local governments, we will feel the consequences of a sub par system—congestion, decreased productivity, more accidents, and diminished quality of life. The cost of road congestion to the U.S. economy was nearly \$78 billion in 1999—more than triple what it was 20 years ago!

Funding Requirements Not Meeting Demand for Public Transportation

U.S. Department of Transportation (DOT) data show that a minimum \$60 billion per year Federal investment is needed to improve and maintain the current physical conditions of the Nation's highways and bridges. DOT estimates that \$20.6 billion in capital investment is needed annually just to maintain and improve current public transit services. Inflated to 2003 dollars, and using ridership estimates consistent with current experience, brings that number into the \$30 billion range. Indeed, the American Association of State Highway and Transportation Officials (AASHTO) "Bottom Line" report indicates an annual transit need of \$43.9 billion to improve the transportation system. We currently spend \$7 billion a year. To meet these current challenges, we must invest more of our limited resources in a better, more efficient manner.

S. 1072 Highway and Transit Reauthorization Bill

We applaud the work of the Senate Environment & Public Works, Banking, Finance, and Commerce Committees for developing a package that significantly increases Federal highway and transit authorizations, with appropriate budgetary protections. We firmly believe S. 1072's authorizations of \$255 billion for highways and \$56.5 billion for public transportation, and guaranteed funding levels are the minimum that should be accepted for any 6-year TEA-21 reauthorization bill. Many of our State Chambers of Commerce have expressed their belief that there is no legislation that will be taken up this year that will provide critical benefits to all industries, all communities, the American economy more than the reauthorization of the Federal highway and transit programs. The Senate investment levels represent the mid-point between the Federal share of the Nation's documented transportation needs and the current inadequate highway and transit funding levels. The Senate-passed bill does not raise the Federal gas tax or user fee, nor does it increase the Federal deficit. It continues the important principle of paying for highways, bridges, and transit through the Highway Trust Fund. Accordingly, the U.S. Chamber would not support any legislation below the Senate investment number for a 6-year bill. As the House prepares to debate a \$275 billion bill, we urge this Committee and the Senate to insist on a \$318 billion funding level in the conference report.

Americans for Transportation Mobility

Three years ago the U.S. Chamber helped launch a new coalition called Americans for Transportation Mobility, or ATM. ATM is a broad-based organization of transportation users and providers, State and local organizations, and State and local government officials. The coalition has more than 400 organizations whose objective is simple: To build public and political support for a safer and more efficient transportation system. We are working to achieve our objective through a two-pronged approach: (1) Ensuring that Congress fully dedicates Federal transportation trust fund revenues for their intended purpose, and (2) accelerate the project review process by removing redundancies. All the money in the world will not help if we are not efficient in the planning and approval for much-needed improvement projects.

Through ATM, for the first time, the business and labor communities have joined together in educating lawmakers on the importance of improved mobility and safety to future economic growth. Without meeting the mobility needs for the movement of people and goods, our Nation will not achieve the economic success and quality of life it demands. The ATM coalition looks forward to working with this Committee in ensuring adequate investments are made over the next several years in our transportation network.

Conclusion

In closing, the U.S. Chamber will continue to advocate for increased investment in transportation infrastructure. We will play an active and aggressive part in advancing a transportation agenda that strengthens our national transportation system and allows American business to compete in the global marketplace. We will remind the Administration and Congress that infrastructure is not disposable—rather, it is a strategic asset that must be renewed and protected.

The impact of freezing public transit funding at the current levels will increase congestion, decrease safety on our roads, and setback our ability to improve air quality. The U.S. Chamber, chambers of commerce throughout the Nation, and the business community look forward to working with Congress and the President to support funding the Nation's surface transportation needs, and, at a minimum, support the authorized and guaranteed investment levels in S. 1072 of \$56.5 billion for transit and \$255 billion for highways. This investment in our national transportation system will ensure we provide a quality of life all Americans deserve.

**RESPONSE TO WRITTEN QUESTIONS OF SENATOR DODD
FROM JENNIFER L. DORN**

New Freedom Initiative

Q.1. One of the centerpieces of the Administration's budget proposal is its New Freedom Initiative, which would increase the availability of transportation services to persons with disabilities for the purpose of helping them get to jobs.

How will the New Freedoms Initiative be implemented? What will be the mandates or requirements of the new program? Are there any real incentives or bonuses that will encourage collaborative planning and implementation efforts?

A.1. The New Freedom Initiative (NFI) will be implemented in accordance with the provisions included in the Administration's Safe, Accountable, Flexible, and Efficient Transportation Equity Act (SAFETEA) reauthorization proposal:

- Funds will be apportioned to States by a formula administered by the Secretary. Moreover, FTA proposes to base the formula on the number of individuals with disabilities by State with a minimum allocation to ensure that each State can implement a meaningful project.
- Funds are to be used for new transportation services beyond those required by ADA.
- Fifteen percent of a State's apportionment may be used for planning, technical assistance, and administration.
- Any NFI funds may be transferred to Urbanized Area and Non-urbanized Area programs for eligible NFI projects to be implemented by recipients or subrecipients under those programs.
- Grants are subject to requirements of Urbanized Area program to the extent the Secretary considers appropriate.
- Labor protection requirements shall apply using a Special Warranty. Since this warranty would contain standard terms and conditions agreed on by Department of Labor (DOL) and Department of Transportation (DOT), these would be substituted for a labor certification.
- The Secretary may waive the Special Warranty for private non-profit subrecipients on a case-by-case basis.
- The State must distribute the funds on a fair and equitable basis.
- Recipients must select subrecipients on a competitive basis. Recipients must coordinate NFI funded activities with related activities under other Federal programs.
- Projects selected must be derived from a locally developed, coordinated public transit-human services transportation plan.
- Plans must be developed through a process that includes representatives of public, private, and nonprofit transportation and human services providers and participation by the public.
- Grants for capital costs shall not exceed 80 percent of the net capital cost of the project.
- Grants for operating costs may not exceed 50 percent of the net operating cost of the project.
- Local match for grants shall come from undistributed cash surplus, a replacement or depreciation cash fund or reserve, a serv-

ice agreement with a State or local social service agency or a private social service organization, or new capital.

- Local match may be derived from amounts appropriated to or made available to a department or agency of the Federal Government that are eligible to be expended for transportation.

A major incentive that will encourage collaborative planning and implementation efforts is that to be eligible to receive funding under the program projects must be selected from a locally developed, coordinated public transit-human services transportation plan, developed with representatives of public, private, and non-profit transportation and human services providers and participation by the public. In addition, up to 15 percent of the amounts apportioned under the program may be used to administer, plan, and provide technical assistance for projects funded under the program. Also, other Federal funds eligible to be expended for transportation may be used as the local match to NFL funds.

Job Access and Reverse Commute

Q.2. How will the formula for the Job Access and Reverse Commute program be calculated under the Administration's proposal?

A.2. The Secretary has the discretion to administer the program according to a formula that considers the number of low-income people in each State. FTA proposes to allocate the funds according to a formula based on the number of individuals within 150 percent of the poverty level, with a "floor" level provided to each State and territory to ensure that a minimal level is available to each State, including those with a low population of low-income individuals, sufficient to fund a meaningful program.

Q.3. Connecticut has a big concern that a straight formula by low-income population will severely reduce the level of services it can deliver with this program. As you may know, Connecticut's Job Access and Reverse Commute program was one of the first in the Nation to deliver access to job services. It has since become one of the models for other collaborative job access efforts throughout the Nation. It provides about \$8 million annually in services designed and tailored in cooperation with job developers, employers, human service agencies, and transportation providers to meet the needs of low-income individuals. Preserving the level of funding for this program is vital to Connecticut's efforts to continue to provide services as well as maintain the partnerships that enable the program to secure matching funds.

I was wondering if you might consider building other factors into the formula calculation? For example, FTA can build in a factor that compares incomes with the general cost-of-living in the State? Funds would therefore be allocated on the basis of need in an equitable fashion across the country. After all, earning the Federal poverty level in Connecticut does not give a person the same quality of life as earning the poverty level in a low-cost State. I would be interested in any thoughts that you might have on this matter.

A.3. FTA would consider using other factors in calculating formula allocation of JARC funding if data on which to base such calculations is readily available. As you may know, the House has proposed allocating 60 percent of the funds directly to large urbanized

areas (less than 200,000 population), 20 percent to the States for urbanized areas between 50,000 and 200,000 in population, and 20 percent to the States for nonurbanized areas. The House has also proposed a formula that includes density factors as well as low-income population and population of welfare recipients.

Job Access and Healthcare Service Coordination

Q.4. Administrator Dorn, I want to bring to your attention an issue that has become increasingly urgent in recent years. As you may be aware, more and more healthcare services are offered to the American public on an outpatient basis—services like dialysis and chemotherapy. In addition, the population is growing older and more people than ever are now reliant upon ongoing, continuing care to maintain both their independence and quality of life.

These two trends are placing some unprecedented pressure on public and community transportation. It is interesting to note that Medicare only reimburses older Americans for transportation by ambulances, regardless of whether or not there is an emergency. In addition, many older Americans must fend for themselves on high-priced private sector providers when local public transit options are not available.

What type of information does FTA have about the needs of Medicare clients?

A.4. The Medicare restriction on funding transportation services related to medical reasons has resulted in many nonemergency ambulance trips and unnecessary ambulance trips (even though the statute forbids such trips). The funds currently used for unnecessary Medicare ambulance trips might be better invested in community transportation services, which would allow increased access to Medicare services and reduce the burden on local ambulance providers, allowing them to better respond to true medical emergencies.

Although the purpose of the Job Access and Reverse Commute (JARC) program is to provide access to jobs, assets acquired with JARC funding may be used for broader community needs, including access to health facilities by low-income and elderly Medicare clients, once the program related purposes of the program are met.

Besides the JARC program, FTA funds the Elderly and Persons with Disabilities Program (Section 5310). These program funds are apportioned to the States based upon U.S. Census data on the number of elderly persons and persons with disabilities. State recipients use these funds as they see fit to best meet the needs of persons with disabilities and the elderly (Medicare clients among them) throughout their State.

In addition, services provided under other FTA programs, including the Urbanized Area and Nonurbanized Area programs, are designed to meet the needs of the general public, including older Americans. Transportation services, particularly high quality demand responsive service and ADA paratransit service, can be costly, and more equitable cost-sharing among agencies would result in increased access to Medicare and other life-sustaining and life-enhancing services for older Americans.

Q.5. Can FTA work with the Federal funding agencies for Medicare? Is this an area for coordination?

A.5. FTA continues to work with Center for Medicaid and Medicare (CMS), among other Federal agencies, on coordination of human services transportation issues, Medicare transportation services among them. An Executive Order on coordinated human service transportation, issued by President Bush in February 2004, established a Coordinating Council that consists of Secretaries and leaders from 10 Federal Departments and is chaired by the Secretary of Transportation. The Council is responsible for identifying and implementing strategies to improve coordination of human service transportation services over the next year. This includes identifying duplication and restrictions in Federal laws and regulations. However, because the current transportation provisions identified under Medicare do not allow support for "nonemergency" transportation, this limits our ability to address this issue at this time.

Federal work groups have been formed and are currently meeting to achieve the tasks outlined by the President in six areas: (1) Education and Outreach; (2) Consolidated Access; (3) Regulatory Barriers and Relief; (4) Coordinated Planning; (5) Cost Allocation; and (6) Useful Practice.

Earlier this year the Coordinating Council on Access and Mobility (CCAM) launched United We Ride. This is a five-part initiative to encourage Government agencies and nonprofit organizations to collaborate on transportation planning and to share resources in order to provide the best service for all their customers. The United We Ride efforts support the Executive Order in the following ways:

Framework for Action: The Framework is a tool to help States and communities determine where they are and what needs to happen. It provides a starting point for groups at all levels to begin the dialog needed to improve coordinated services. Needs are identified and an action plan for implementation can be developed.

State Leadership Awards: These awards recognized States for their leadership in building and implementing infrastructures, policies, and programs that facilitate human service transportation coordination. The winners, announced by Secretary Mineta in February 2004, were Florida, Maryland, North Carolina, Ohio, and Washington.

National Leadership Forum: United We Ride hosted a forum for cross agency, governor-appointed, senior leadership teams to address State initiatives, to develop action plans and identify technical assistance needs to improve human service transportation services.

State Coordination Grants: These State grants are designed to help address the gaps and needs related to human service transportation. The award criteria are flexible and simple.

Help Along the Way: This technical assistance program provides hands-on assistance to States and communities in the development and delivery of coordinated human service transportation programs.